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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,882 — Tuesday March 18 1986 — D 8523 B

Pressure on French right to trim economic plan, Page 2

World news | Business summary

Sweden charges Palme suspect

A Swedish public prosecutor charged a man arrested in Stockholm last week with being an accomplice in the assassination of Prime Minister Olof Palme.

The 32-year-old Swede was said by his lawyers to have strong right-wing views and a strong antipathy to Palme.

Police say they have a large body of circumstantial evidence linking the man to the crime. He has denied complicity. Page 2

Swiss authorities, at the request of unidentified Swedes living abroad, offered up SFr 125,000 ($66,000) for clues on Mr Palme's killing.

Malaysia bombs

Five bombs exploded in the politically troubled east Malaysian state of Sabah, where police used tear gas to disperse some 2,000 militant, chanting Moslems during a march on a court.

Paris train blast

Nine people were slightly injured when an explosion, probably caused by a bomb, rocked a first-class carriage of a Paris-Lyons express train.

Rebel call to Aquino

Moslem rebels in the southern Philippines urged President Aquino's Government to grant them local autonomy to end a 16-year secessionist war. Page 4

Ecuador siege lifted

Ecuadorean President León Febres Cordero lifted a state of emergency he imposed last week after a mutinous general seized an air base.

Spanish air strike

Spain's airline and railway workers went on strike to protest against attempts by the Government to restrict wage increases in loss-making public enterprises. Page 3

Honecker visit

East German leader Erich Honecker intends to go ahead this year with a long delayed visit to West Germany. Page 3

Iraq hits tanker

Iraqi jets set ablaze a Cypriot tanker heading for Iran in the northern Gulf.

Genscher attacked

Pacifist hecklers shouting anti-Nato slogans interrupted West German Foreign Minister Hans Dietrich Genscher during a lecture at Salamanca University.

saved from hotel

...cuers freed five more people ... the ruins of a collapsed Singa... hotel. Sixteen survivors have ... found since Saturday but 40 ... are still missing.

...allot without bullets

...an's Government banned voters ... carrying weapons to the polls ... next month's general ...ctions.

...nagogue visit

...John Paul will visit the Rome ...gogue next month. The Vatican ... believed this would be the ... time a Pope had visited a ...gogue.

...chools closed

Many Danish schools were closed for a second day as 55,000 teachers walked out in protest at government austerity measures.

Kurdish ambush

Kurdish rebels killed four soldiers in an ambush in north-east Turkey.

Nuns kidnapped

Right-wing Mozambican rebels kidnapped two European Roman Catholic nuns in the north of the country.

Ferruzzi bank buys 9% of Berisford

S.&W. BERISFORD: Barclays Merchant bought a 9 per cent stake in the British commodity trading and sugar group, acting on behalf of the Italian food and agricultural group Ferruzzi. Page 24

DOLLAR fell in London to DM 2.2475 (DM 2.620); SFr 1.8840 (SFr 1.9020); FFr 6.9065 (FFr 6.96) and Y175.65 (Y178.95). The dollar's exchange-rate index fell from 117.3 to 118.7. Page 41

STERLING rose 10 points against the dollar to close at $1.4650. Elsewhere, it fell to DM 3.2925 (DM 3.2925 (DM 3.3125); SFr 2.7600 (SFr 2.7850); FFr 10.1175 (FFr 10.1875) and Y257.25 (Y259.0). The pound's exchange-rate index fell to 74.0 from 74.3. Page 41

WALL STREET: The Dow Jones industrial average closed 15.92 down at 1,776.82. Page 48

LONDON displayed pre-budget restraint and the FT Ordinary index slipped 3.0 to 1,357.7. The FT-SE 100 lost 1.8 to 1,622.6. Gilts encountered sporadic bursts of interest. Page 48

TOKYO retreated after 12 consecutive advances as concern grew over the rise in the yen. The Nikkei market average dipped 6.95 to 14,655.52. Page 48

GOLD rose $6 on the London bullion market to close at $348.15. PAGE 40

SINGAPORE'S removal this month of tax and other disincentives against the use of Singapore-based fund managers has aroused hopes that it will attract more fund-management activity and develop as an international financial centre. Page 25

COMPANIES

Aids hopes spur Wellcome

WELLCOME: Shares of the UK drug group surged on the London Stock Exchange on hopes for the company's new Aids drug. Page 12; Page 48

METALLGESELLSCHAFT West German metals, chemicals and trading concern, is paying a dividend of DM 6 ($2.6) a share on its 1984-85 results after missing a payout for three successive years. Page 25

CITROËN, the French car maker, says it expects at least to break even in 1986 after recording losses every year since its takeover by the Peugeot group in 1974. Page 25

MITSUBISHI Chemical Industries, Japan's largest integrated chemical company, suffered a 24 per cent fall in pre-tax prifits to Y23.76bn ($134m), blaming the yen's rise against the dollar and falling oil prices. Page 27

CRÉDIT DU NORD, French retail bank, trebled net consolidated profits to an overall FFr 91.5m ($13.2m) last year. Page 25

WARNACO, US clothing manufacturer seeking shareholder proposal for a management buy-out, has received a rival $364m cash bid from a group of Los Angeles investors. Page 25

KAUFMAN & BROAD, Los Angeles-based financial services group, has offered to take over the $4bn annuity business of Baldwin-United, the failed insurer. Page 25

DISTILLERS: Argyll and Guinness are again openly contesting for the UK spirits group. Argyll said it would not appeal against a court decision not to order a Monopolies Commission investigation into the decision by Guinness to abandon its original offer and immediately submit a revised bid.

Nigel Lawson, Chancellor of the Exchequer, will present the British Government's budget in the House of Commons this afternoon. The Financial Times will publish full details and analysis in tomorrow's edition.

Mitterrand to name new premier after right's narrow win

BY DAVID HOUSEGO IN PARIS

PRESIDENT François Mitterrand said last night that he would shortly name a new French prime minister. The new premier would be drawn from the parties of the right, which gained a slender majority in Sunday's legislative election.

It was not immediately clear from Mr Mitterrand's unexpected declaration, broadcast a few minutes before the evening television news bulletins, whether he would name the prime minister today or wait a few days, as had been expected. Mr Mitterrand spoke from the Élysée Palace, standing beside the French flag – symbolically underlining the importance of the President's office.

Recognising that France was now entering unknown territory in that the programme of the new government would be different on "essential points" from the Socialist policies that he had advocated, Mr Mitterrand called for a "scrupulous respect for the institutions" of the Fifth Republic.

Earlier the neo-Gaullist RPR and the centrist UDF sought to prevent Mr Mitterrand from exploiting the divisions within their fragile majority by naming a prime minister who lacked their full support.

In a joint statement after a meeting of the two parties, the RPR and UDF warned politicians who might be approached by Mr Mitterrand for the premiership that they would need the backing of the new majority in the National Assembly.

The move was also seen as a way of advancing the claims of Mr Jacques Chirac, the leader of the RPR, who is increasingly emerging as the choice of the alliance partners for the position. Mr Mitterrand also seemed to indicate in his broadcast that he had Mr Chirac in mind when be said that although the right had a "weak" majority, it none the less existed.

President Mitterrand officially has until April 2, when Parliament reconvenes, to name a new prime minister.

With his position much strengthened by Sunday's vote, which brought him within a hair's breadth of his objective of denying the right of an overall majority, the President had been expected to take his time.

Mr Laurent Fabius, the Socialist Prime Minister, yesterday offered his Government's resignation, but be remains in office as a caretaker.

Uncertainty remained over whether the right would obtain an overall majority until early yesterday morning. The final result gave the right 290 or 291 seats – only 2 or 3 above the 289 required for an absolute majority. The UDF and the RPR together won only 277 seats. Their absolute majority comes from the expected support of right-wing independents and of deputies from Polynesia. Two seats for overseas territories have yet to be declared.

Putting the best face on that disappointing outcome, some opposition members saw the slender margin as a favourable factor, bringing pressure on the disparate right-wing coalition to close ranks. It will now, for example, be increasingly difficult for Mr Raymond Barre, the Former Prime Minister, who suffered a setback in his home base of the Rhône-Alpes, to deny the new Government a vote of confidence in spite of his hostility to so-called "cohabitation" with President Mitterrand.

Other politicians of the right, believe, however, that the majority is too slender to provide effective government and that the new administration will have to tread much more cautiously in applying its programme of tax cuts and sales of state assets. The risk for the right is that if it dilutes the programme too much it will lose credibility with its supporters and public opinion.

The election result was most strongly welcomed by centrist politicians and commentators, who believed it showed an electorate that would neither punish the Socialists for facing up to economic realities nor embrace the more radical of the right's free-market policies.

Right's Economic plan, Page 2; Editorial comment, Page 22; Lex, Page 24; Stock markets, Page 48

UK wins first round in EEC budget challenge

BY IVO DAWNAY IN BRUSSELS

BRITAIN yesterday won a first-round victory in its challenge to the European Parliament's use of its budgetary powers.

In an interim ruling, the European Court accepted that the UK had a prima facie case in its legal objections to Parliament's imposition of an Ecu 563m ($538m) increase on the 1986 budget agreed by the Council of Ministers.

While not pre-empting the outcome of a full hearing on the issue later in the year, the court granted the UK an injunction requiring the European Commission to restore the additional £18m ($26m) paid by Britain in its first-quarter budget contribution to the bndget fixed by the Parliament.

Officials in Brussels now believe the Commission is likely to pay back all member states their shares of the disputed element in the budget, pending the outcome of the full case in the summer.

The court's decision is unlikely to have serious implications for Community spending as the budget drawn up by the Council of Ministers looks certain to need supplementing with extra funds later in the year. Latest estimates put the overrun at Ecu 2.9bn, without including the disputed Ecu 563m.

The move does represent a significant landmark, however, in the perpetual struggle between member states in the Council and the Parliament over budget-making powers.

The next round comes this summer when the court will hear the full case against the Parliament brought by five member states – the UK, West Germany, the Netherlands, France and Luxembourg – and the Council of Ministers.

At that session, the Parliament will attempt to marshal a defence of its actions on the ground that the member states have failed to pay for committed policies.

Yesterday's order calls on the Commission to implement the budget of Ecu 32.7bn drawn up by the Council at its second reading last November, suspending those amendments imposed by the Parliament on December 12, which pushed the total up to Ecu 33.3bn.

It also specifically requires that overpayments made by the UK in January be taken off its second-quarter payment, and invited Britain to apply for a renewal of the injunction if no final ruling is given by July 10.

To prove its case, Britain had to show that the extra payments to Brussels might cause irreparable damage – on the ground that spending plans might be incurred which would eventually be shown to be illegal.

EEC-Australia trade row, Page 8

Ford Europe appoints new chief

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

FORD OF Europe has "turned the corner and is now moving in the right direction," said Mr Harold "Red" Poling, Ford's president, yesterday after the US group announced that Mr Kenneth Whipple, an executive with no operating experience, will take over as chairman of its European organisation next month.

He replaces Mr Bob Lutz who returns to the US as executive vice-president of Ford's North American truck operations.

Mr Poling stressed that this did not represent a demotion for Mr Lutz – although it will be widely interpreted as such – and insisted that talk of a personal battle between him and Mr Lutz was "180 degrees from the truth."

However, Ford is re-establishing the post Mr Lutz gave up two years ago when he returned for a second tour as chairman of Ford of Europe – executive vice president, Ford International Operations – and it will be filled by Mr Philip Benton Jnr who will take control of all the corporation's activities outside North America.

Mr Whipple is 51. He was born in Detroit and holds a batchelor's degree in business and engineering from Massachusetts Institute of Technology. He will report to Mr Benton.

He joins Mr Alexander Trotman, appointed president (chief executive) of Ford of Europe last October and who has long operational experience. Mr Poling said that the two executives make "an excellent complementary team."

Mr Whipple's task, as a strategist, would be to look at opportunities for Ford of Europe, to improve costs and expenditure and one of the options would be to seek cooperation with another European automotive group – "or perhaps with Ford of North America."

Ford of Europe's net profit more than doubled last year, to $362m from $147m in 1984 and Mr Poling said yesterday a $1bn dollar profit is where we belong." He would not indicate how long it might take to return to this level.

The possibility that Ford might well sell more commercial vehicles than cars in North America this year gave an indication of the importance of the truck business to the group, he pointed out.

As for the alleged bad will between the two executives, Mr Poling said that when be was first president and then chairman of Ford of Europe, he recommended all of Mr Lutz's promotions – including to the position of chairman for the first time in 1979.

Mr Poling recalled that two years ago Ford had changed its organisational structure to be able to concentrate on the problems in Europe – where Ford'a profits had fallen from a peak of $1.2bn in 1979 to $281m. But that organisation put too much strain on the president so it had been decided to re-establish the international post.

West Germans counter dollar fall, Page 8; Citroën results, Page 25

BA chief backs down on management buy-out

By Peter Riddell and Richard Evans in London

LORD KING, the chairman of British Airways, yesterday bowed to UK Government pressure and dropped any idea of a management buy-out for the state airline, which had been mooted by his advisers at the end of last week.

Lord King, after a meeting yesterday with Mrs Margaret Thatcher, said the Prime Minister bad strongly reaffirmed her commitment to see the successful privatisation of BA, but he admitted that there was now no timetable for a flotation. "British Airways must be privatised before the next [general] election," he added.

After heated discussions at the weekend with Mr Nicholas Ridley, the Transport Secretary, Lord King wrote to Mrs Thatcher saying that the BA board would prefer privatisation to be accomplished by a public flotation. He said the board would pursue that intention with vigour and would continue to work closely with Mr Ridley.

The letter was issued before his meeting with the Prime Minister, which was intended to mend fences. Officials said afterwards that there had been no rebuke for Lord King but that, instead, Mrs Thatcher bad sought to reassure him and BA that the Government was determined to push ahead with the privatisation of the company as soon as possible when the current difficulties were out of the way.

That followed last week's announcement that flotation would be delayed for the time being in view of uncertainties over the British-US Bermuda Two agreement on North Atlantic traffic and possible US anti-trust action affecting BA.

Mr Ridley told the House of Commons yesterday that the Government hoped to privatise BA in the coming financial year, although that could only be when the present legal difficulties were out of the way.

Lord King claimed after his meeting with Mrs Thatcher that be had not floated the idea of a management buy-out. However, there is no doubt that Lord King's advisers did make known to the press on Friday that BA management had hired stockbrokers Phillips and Drew to prepare proposals for a management buy-out coupled with a placing of shares with financial institutions.

Lord King went ahead last night with a presentation to London stockbrokers and analysts on the readiness of BA for privatisation, and said the Government's decision to postpone had come as a "bitter disappointment."

Mexicans plan to stimulate non-oil exports

BY DAVID GARDNER IN MEXICO CITY

MEXICO, the developing world's second largest foreign debtor, yesterday introduced a major export promotion package incorporating ideas implemented by successful Third World exporters such as Brazil and South Korea.

The package is designed to make exporting attractive to broad sectors of Mexican industry, which has traditionally had little need to go further than its highly protected domestic market. It is the clearest signal yet that Mexico wishes to diversify exports away from oil.

The Government anticipates the measures will boost non-oil exports this year by $1bn to more than $7bn. This will begin to offset the projected $6bn loss in export earnings this year as a result of the collapse in the price of oil. Last year oil earned three quarters of Mexico's foreign exchange.

At the centre of the measures is an idea adapted from Brazil, which, like Mexico, has a foreign debt of around $100bn. Under the scheme, a list of exporting companies, and their suppliers, will be issued with a "domestic credit card" giving them privileged access to credit and foreign exchange, as well as tax incentives and the virtual elimination of bureaucratic red tape.

The full economic cabinet and President Miguel de la Madrid took the unusual step of attending the bank's annual meeting to announce the measures.

The amount of credit available to encourage non-oil exports and help subsidise a further liberalisation of imports will initially be 2,220bn Pesos ($4.8bn), a nominal increase of 65 per cent on last year and a slight increase in real terms.

The Government is also concluding negotiations with the World Bank for a further $500m to support the programme.

The authorities are also borrowing from the experience of several Far Eastern countries and setting out seriously to promote the formation of trading companies, including those with multinational involvements.

A futures market will be introduced for the "controlled" rate of the peso against the dollar at which 80 per cent of Mexico's trade is carried out, allowing exporters and importers to plan their transactions ahead. This new market, will be complemented by measures allowing export-import companies to hang on to their "controlled" rate dollars, or deposit them in Mexico and earn interest equivalent to one month's Eurodollar rates.

This could reduce the foreign exchange "haemorrage" caused by under-invoicing exports and over-invoicing imports, a form of the chronic capital flight problem bedevilling Mexico which shows up clearly in any comparison of Mexican and US tallies of their bilateral trade flows.

Continued on Page 24

Pretoria budget aims for cautious growth

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Government yesterday presented a cautiously expansionary budget which seeks to accommodate demands for higher spending on defence and black social programmes, without worsening the country's record rate of inflation.

Mr Barend du Plessis, South Africa's Finance Minister, introduced what he described as "a moderately expansionary budget" to ensure 3 per cent economic growth this year. He announced only marginal concessions for personal tax payers and savers and no reductions in the tax burdens on the country's all-important gold mines as well as non-mining companies.

Mr du Plessis said that, with inflation running at 20 per cent and recourse to foreign capital blocked by the debt repayment standstill introduced last September, the scope for faster growth remained limited by the need to ensure a R4bn ($2bn) to R5bn current account surplus this year to finance debt repayment.

He said total expenditure would rise sharply to R37.57bn from the 1985 budget figure of R20.89bn while revenue, after tax concessions totalling R1.14bn was due to increase to R33.63bn (R23.33m). The resulting deficit before borrowing of R39.44bn represents 2.7 per cent of GDP, rising to R55.08bn when debt redemption is taken into account.

The 25 per cent surcharge on gold and diamond mines and the 15 per cent surcharge on other mining companies imposed in last year's

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FRENCH ASSEMBLY ELECTIONS

Perverse poll turns losers into winners

BY PAUL BETTS IN PARIS

"THE LOSERS are celebrating as if they were the winners and the wioners are as glum as if they had lost," said a French politieal commentator, describing the new political situation in France after Sunday's elections.

Commeotators and newspapers were unanimous in declaring President Francois Mitterrand the big winner. By iotroducing proportional representation, be prevented the right from walking off with a large majority although the smaller ooe will still be bostile.

At the same time, with 215 or 216 seats in the new Assembly and 31.19 per cent of the national vote, the Socialists bave confirmed themselves as the country's siogle largest party. Proportional representatioo clearly helped them limit their losses—in 1981, they won 37.77 per ceot of the vote and 285 seats.

The extreme right National Front, with 34 seats and nearly 10 per cent of the vote bas also coofirmed its growing presence in French politics.

The success of both the Socialists and the National Front was acknowledged yesterday by Mr Raymond Barre, the former Prime Minister, regarded as a leading right-wing presidential candidate. He suffered one of the big npsets of the elections at reeiooal level.

Mr Barre's centrist UDF list was beaten in its local stronghold of Lyons by the Socialist list led by Mr Charles Hernu, the former Defeoce Minister who resigned after the Greeoneace scandal but whose popularity has not ceased rising.

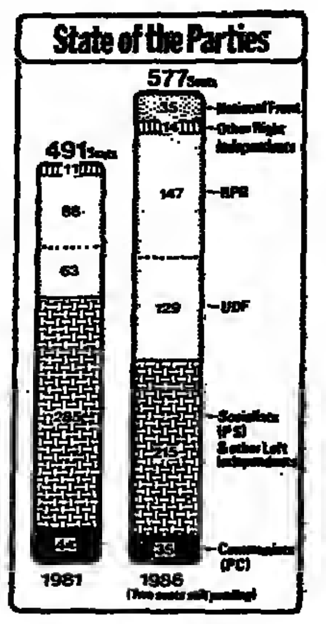
Winning 28.42 per cent, the Socialists gained five seats, against Mr Barre's list with 24.19 per cent and three seats. The neo-Gaullist RPR list of Mr Michel Noir was close behind with 23.45 per cent and three seats.

Another surprise was the good showiog of the Socialists in Paris, where Jacques Chirac, the leader of the neo-Gaullist RPR, is mayor. The Socialists managed to gain eight seats, drawing level witb the RPR. The National Front also won two seats io the capital wbile the Communists failed to gain any.

The elections confirmed the Communist Party's historic decline. The party bas now dropped below 10 per cent of the vote, compared with its 1978 level of 20.6 per cent, only just below the Socialists, with 22.8 per ceot.

In the depressed northern industrial belt, the Socialists managed to ride out the political damage caused by their steel and coal industry restructuring programmes and to remain the largest force in the area despite advances by the right, notably the National Front.

In the south, tbe Socialists also did better than expected but the National Front emerged as the big winner, scoring heavily on immigration and law and order issues.



SHARE OF THE VOTE

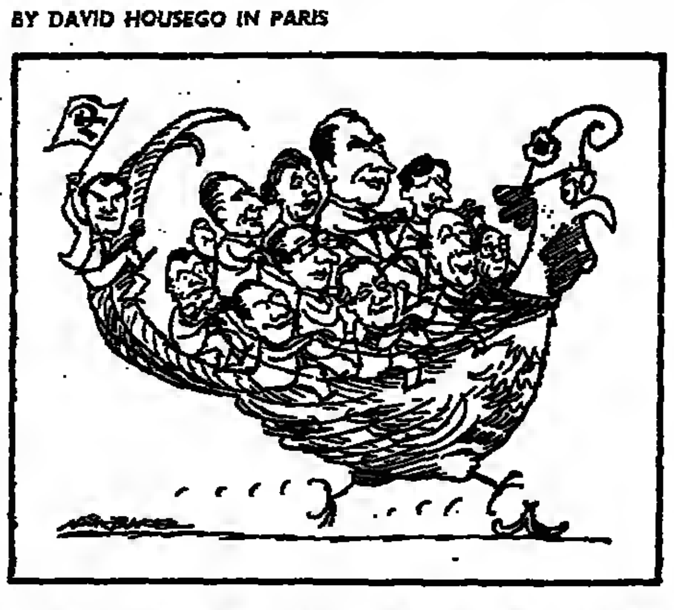
(% figures rounded up or down)

	1986	1981
Extreme right groups	0.20	0.36
National Front	9.70	[illegible]
Right-wing independents	3.81	2.66
RPR-UDF	40.86	40.07
Socialists	31.19	37.77
Other left groups	2.85	0.57
Communists	9.82	16.12
Extreme left	1.51	1.33
Abstentions	21.82	29.12
Turnout	78.17	70.86

NARROW MAJORITY HITS FREE MARKET PROGRAMME

Right expected to trim its economic sails

BY DAVID HOUSEGO IN PARIS



THE IMMEDIATE casualty of the parliamentary right's slender majority is likely to be the more free-market and commonly-alleged "Thatcherite" side of their platform.

Politicians and industrialists yesterday expected that the neo-Gallist RPR and the centrist UDF would have to water down their privatisatioo measures, postpone the abolition of wealth tax and review their commitment to easiog redundancy procedures.

Over deoationalisation, the right had been expected, had it woo a comfortable majority, to move rapidly towards privatising a major nationalised bank (Paribas or Suez), a large insurance group and one of the major industrial groops. Thia timetable has now been called into question.

Instead it seems more likely that a new government will give preference to diluting state ownership in the nationalised aector through capital increases and sales of minority ahares.

A number of Socialists, including Mr Jacques Delors, now president of the European Commission and Mr Michel Rocard, the former Agriculture Minister, were always opposed to a 100 per cent nationalisatioo.

President Francois Mitterrand ia thus likely to take the view that a partial privatisation is acceptable. But he would be opposed to what be called selling off the "national wealth" as envisaged under the right's framework denationalisation law.

Heads of nationalised concerns also expected yesterday that the new government would now be far more hesitant in removing the heads of nationalised groups or in forcing the resignatioo of Mitterrand nominees from such key posts as the bead of the Treasury or the governorship of the Bank of France.

Reflecting in part Mr Mitterrand's thinking, Mr Lionel Jospin, first secretary of the Socialist party, said that the right would have to abandon what he called the more "retrograde" part of its programme. Mr Mitterrand, sensing the new strength that Sunday's clection has given bim intends to make clear that be expects a new Prime Minister to maintain "social barmony" and to respect the President'a functions, inclnding his role in foreign affairs.

Without a substantial majority in the National Assembly, the government will also have more difficulty in passing its programme of tax and hudget cuts. It had promised to bring in a supplementary hudget this year to correct a hudgat deficit in 1986 which tha Right has claimed will be larger than that forecast by the Socialists. The Governmeot would also abolisb wealth tax and higher levels of income tax in the 1987 budget. Presideot Mitterrand has described the tax measures as favouring the rich.

Oo the other hand a new government should have no trouble lifting price and foreign exchange controls. These form part of the "liberalisation" programme already being undertaken by the Socialists.

Two areas where the narrowness of the right's majority could bring the government closer to the Socialists' thinking are over the parity of the franc and the best use to be made of tha economic windfall provided by falling oil prices and the weaker dollar. With a substantial majority, the right had intended to devalue the franc to bring down French interest rates and to stimulate exports. But it may now be unwilling to carry the responsibility for this measure.

In line with this, the right could follow Socialists in using the fall in oil prices to achieve further cuts in inflation.

Mr Jacques Chirac, leader of the neo-Gaullist RPR, bad originally favoured raising petrol tax and using the proceeds to reduce corporate taxation and French foreign debt.

Overall, businessmen and politicians were convinced yesterday that the Government will have to be mucb more prudent over economic management than if it bad bad a sizeable majority. In particular, it will have to be careful about measures that could exacerbate inflation and widen the trade deficit. It bad been widely believed that Mr Chirac bad privately struck a deal with the unions that would have allowed him to ease labour regulations in return for higher public sector wage increases this year. It is doubtful if the rigbt can afford this any longer.

A further moderating influence oo policies is likely to be Mr Raymond Barre, tha former Prime Minister, whose small band of followers will bave a pivotal role in tha new Assembly. Mr Barre has long urged cutting public expenditure and the budget deficit in preference to cutting taxes.

Scales tilt steeply on outer edges of politics

BY PAUL BETTS IN PARIS

THERE WAS one big winner and one big loser at the opposite extremes of French politics in Sunday's election. And it was no extraordinary coincidence that both winner and loser ended up gaining exactly the same number of seats and polling practically the same percentage of votes.

On the far right, the National Front scored an impressive victory, gaining 35 seats and polling nearly 10 per cent of the vote. On the far left, the Communists confirmed their historic decline, dropping from 44 seats td 35 and barely edging ahead of the National Front with 9.82 per cent of the votes.

The Socialists and the traditional parties of the parliameotary right, the RPR and the UDF, had both argued forcefully to their potential supporters not to waste a vote on candidates to the extreme left or right with little chance of victory.

This appeal to the so-called "vote ntile" or "tactical vote" played in favour of the Socialists. Communists leaders blamed what they called the Socialists' tactical blackmail for their poor performance. On the right, however, it was a different story. The National Front attracted far greater support than expected at the cost of the mainstream right which clearly failed in its efforts to draw right-wing voters away from the movement of Mr Jean Marie Le Pen.

The National Front

ABOUT SIX months ago, many political commentators io France believed that the National Front and the Le Pen phenomenon was losing steam after its spectacular explosion on the French scene during the last two years.

But Mr Jean Marie le Pen's party has continued to draw support from a cross-section of both middle and working class voters by campaigning remorselessly on the issues of immigration and security. It is thus hardly surprising to see Mr Le Pen scoring heavily in regions and large cities with big immigrant, especially North African, populations.

The National Front, whose campaign was marred by the stabbing of a left-wing militant by a Le Pen sympathiser, triumphed in Marseilles and the South in general where the North African immigration problem is particularly acute. Indeed, in the Marseilles region, the Natioeal Front has emerged as the secood largest party after the Socialists.

The party gained two seats in Paris and also performed strongly in the industrial north, suggesting a general reaction among working class voters against the left as well as reflecting their concern over jobs and immigraot lebour.

The French bostage drama in Beirut during the last week of the election campaign also appears to have played in favour of Mr Le Pen by reviving popular concern about terrorism and security.

The National Froot will now play a pivotal role both at the national and the regional level where it bolds the balance of votes in at least nine regional assemblies. Although the Front is expected to vote in support of the new parliamentary right-wing majority's policies in the National Assembly, it will also clearly seek to exert pressure on the RPR and UDF.

Already, Mr Jean-Pierre Stirbois, Mr Le Pen's deputy, has said the National Front intends to introduce a number of bills in the Assembly. So far, RPR and UDF leaders bave claimed they will refuse to make any "deals" with the National Front. But the real test could come as early as this week over the selection of new regional council presidents where the traditional right needs the votes of the National Front.

The Communist Party

FOR THE Communists, the election results are likely to drag the once powerful party further into the ghetto. The perty's central committee is due to meet in coming days to review the latest electoral setback and again the leadership of Mr Georges Marchais, the party's secretary general, is likely to come under pressure.

The Communist decision to withdraw from the governing cealition with the Socialists two years ago and the party's subsequent attacks against the Socialists have clearly not helped halt the decline. If anything, it has confused the rank and file even more in the same way as it has disorintated the pro-Communist CGT union.

Mr Marchais: "Result bad for workers"

Mr Marchais described the election results as "bad for workers and France." Communist leaders and union representatives have announced tough opposition against any efforts by the new government to erode worker benefits or abolish the wealth tax.

The question is whether a demoralised Communist party, whose historic decline has been confirmed, and the CGT will manage to whip up tbe sort of popular protest against government policies they bave so far failed to do in the past two years.

Bourse has brief attack of bad temper

By David Marsh in Paris

THERE WERE pensive faces in the bustling Paris bourse yesterday morning after the right's much narrower than expected victory on Sunday. The stock market finished the day 2.06 per cent down in lively trading.

However, the drop was less than the sharp rise of 2.9 per cent registered on Friday, when equities surged amid general expectations that the right wonld win a far more comfortable margin.

Leading stockbrokers believe that, once initial uncertainty over the formation of a new government is resolved, the tightness of Sunday's result may even be positive for the bourse.

All yesterday's sharp price fall came in the newly-launched morning trading session for selected stocks, which precedes the regular main session between 12.30 and 2.30.

"It was an attack of ill humour," said Mr Thierry Tuffier of stockbrokers Tuffier-Ravier. He believed that the close result may encourage economic policy continuity by constraining the right's margin of manoeuvre. He said the right was now likely to carry oot sales of stale industrial and banking holdings "with more reflection."

Mr Alain Ferri, of the stockbroking firm which bears bis name, believed that the overall size of the swing to the opposition shoold enable the right — perhaps with National Front support — to enact its programme of deregulation and denationalisation.

The wafer thin majority in the National Assembly should prevent the new Government from doing "silly things" in its first few months.

Mrs Pamela Chandler, of brokers Bertrand Michel, said the election would result in little change in France's economic policy. "The excitement has been taken out of politics. Whether it is the RPR or the Socialists or the UDF, they have got to get down to the nitty gritty."

The already tattered Communist election posters pinned up outside the bourse railings — complaining that factories were closing while stock market profits were soaring — seemed to be making the same point: if the right implements the same sort of policies as the Socialists then the bourse cannot fail to keep rising.

EUROPEAN NEWS

Soyuz T-15 'is last of series'

SOVIET scientists have developed a new generation of spacecraft for transporting cosmonauts to orbiting stations, the Communist Party daily Pravda said yesterday, Reuter reports from Moscow.

The Soyuz T-15 which took Leonid Kizim and Vladimir Solovyov to the Mir space station – launched on February 20 – will be the last of the current series, it said in a report from the Baikonur space centre. But it gave no details of the new generation of spacecraft.

Because of the ship's limited technical capacity, last Saturday's docking operation had to be carried out manually by mission commander Kizim.

Soyuz T-15 was guided towards Mir by its computer systems, but some 50 yards short Kizim took over. He steered it round to the opposite end of the station and docked it at an entry port that did not have an automatic docking system compatible with the transport ship.

Howe explains UK objections to Soviet N-freeze proposal

BY IAN DAVIDSON IN LONDON

SIR GEOFFREY HOWE, Britain's Foreign Secretary, yesterday spelled out the UK Government's reasons for rejecting Soviet proposals which would freeze the British and French nuclear deterrents. But he insisted that Britain did wisb to contribute to arms control once its minimum conditions had been met.

"This Government," he told the Foreign Press Association, "is ready to seize any opportunity which gives peace a chance. But giving away Britain's deterrent – for that is what the Gorbachev conditions of January 15 amount to – would not be giving peace, but war, a better chance.

"Deterrence is not just dissuasion. A potential aggressor must calculate that he would run real risk of himself suffering unacceptable damage to his own territory if he attacks ... That is why, for the foreseeable future, the nuclear contribution to our defence is essential to effective deterrence.

"We do wish to cootribute to arms control once our minimum conditions are met: very substantial cuts in superpower arsenals and no increase in Soviet defences ...

"We are invited to compromise our deterrent force on the basis of no more than fine words and fair promise. But the priority must be to reduce the superpower strategic arsenals by 50 per cent."

Sir Geoffrey said that one of the keys to progress in the Geneva arms talks would be action to strengtheo the effectiveness of the 1972 Anti-Ballistic Missile (ABM) treaty.

"The ABM treaty is a fundamental achievement of arms cootrol. But there are ambiguities and disputes over what is meant by crucial parts of the treaty. These need to be clarified," he said.

Sir Geoffrey said that in all arms control negotiations the key was verification, and it was on verification grounds that be reiterated Britain's opposition to Soviet proposals for a comprehensive ban on all nuclear testing.

By cootrast, the US, which used to oppose a comprehensive test ban on verification grounds, now claims that testing will in any case be necessary so long as there are nuclear weapons.

"Every year," he said, "thousands of natural events occur such as earthquakes which in seismic terms show similarities to nuclear tests. So long as such events and nuclear tests both occur above a certain level of seismic activity, we can detect them and – equally important – we can distinguish between them. But below that level we lack the confidence necessary for effective verification.

"Some argue that the risks involved are acceptable. We disagree. The best scientific advice supports our view."

Charge in Palme murder

A 32-year-old man was charged yesterday with involvement in the murder of the Swedish Prime Minister, Mr Olof Palme, but it was not clear whether he was suspected of firing the fatal shot or of being ao accomplice, Reuter reports from Stockholm.

Mr K. G. Svensson, the public prosecutor, who formally laid the charges at a Stockbolm court, said: "As a result of investigations carried out to date, probable reasons have emerged wbich, in the public prosecutor's view, indicate that the man participated in the murder as a perpetrator."

The man, described as a Swede, was arrested on March 12.

Stockholm police refused to say whether he was thought to have fired the shot that killed Mr Palme.

"The man deoies the crime," the prosecutor said. "He has oot been tied to the crime by inquiries to date, but as there are probable reasons for suspicion ... it is very important that he should be held until the suspicions have been investigated further."

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EUROPEAN NEWS

Swiss turn their backs on UN membership

By William Dullforce in Geneva

THE SWISS, the first people able to decide by popular vote whether they wanted to join the United Nations, on Sunday became the first to spurn the world organisation.

This rejection by a small — though wealthy — European nation may generate little more than a ripple on the stream of international politics but it does mark a milestone after decades during which every country to gain nationhood has hurried to book its seat in the UN.

The three-to-one vote against in the national referendum attests once more the singularity of the Swiss and their political attitudes. It also says something about the UN's failure to make the right impact on a democratic country which happens to be host to several of its agencies.

The outcome was above all a victory — good or bad — for local democracy. The grass-root voters repudiated their party leaders; the 26 cantons and half cantons, not one of which produced a majority in favour, called the Federal Council (government) and Parliament to order; the appeal to become part of the universality of nations bounced off the confederation's down-to-earth citizens.

The vote was categoric. Just over half those eligible to vote turned out, a relatively high proportion for Swiss referendums, and more than three-quarters rejected the Government's proposal.

Heart over mind

Although the biggest anti-UN vote was recorded in the "primitive" German-speaking heartland, the usual difference of opinion between German-speaking and French-speaking Switzerland was absent. In the French-speaking canton of Geneva, the UN's second home, nearly 70 per cent voted against.

Party leaders who had backed the Government spoke afterwards of a victory of heart over mind, of emotion over reason. The country's higher interests had not been understood.

The Government, appealing to voters' reason more than to their feeling for international solidarity, had argued that the ability to speak and vote in the UN would allow its diplomats to protect Switzerland's economic interests more effectively.

Most Swiss bankers and businessmen kept low profiles during the campaign. Whether or not they agreed with the Government's reasoning, their grassroot contacts told them which way the vote was likely to go.

The deeper motives influencing voters surfaced during the argument over Switzerland's neutrality which came to dominate the campaign.

Membership of the UN would undermine that neutrality, the Government's opponents claimed—an argument which foreigners, particularly those aware of the role neutral countries such as Sweden, Finland and Austria play in the UN, find it hard to understand.

Swiss neutrality is special. Its roots go back to the 16th century but it was internationally sanctified in the 1815 Treaty of Paris at the end of the Napoleonic wars and it succeeded in keeping the Swiss out of two world wars fought round its frontiers.

The domestic effects of Swiss neutrality—exemplified in the militia army—are nevertheless more important than the foreign. Belief in the principle of neutrality is the cement that binds together within the confederation three races, four languages and two religions.

National identity

Without that binding principle the confederation would almost certainly have been torn apart by the ideological and nationalistic struggles that beset Europe over the past 150 years. Instinctively Swiss voters still feel that their national identity is tied to their neutrality.

The advocates of UN membership argued that this was an atavistic notion, no longer valid in today's shrunken world dominated by the threat of nuclear war.

The Swiss were the kind of people who would have voted at the end of the 17th century —long after Copernicus and Galileo—that the sun went round the earth, Mrs Heidi Deneys, a pro-UN socialist MP, commented after the vote.

Less noble motives no doubt also influenced voters. The Government was unfortunate in the timing of the vote. Controversy over an influx of refugees, mostly Tamils from Sri Lanka, has provoked anti-foreigner sentiment and the numerical dominance of Third World countries within the UN worries many Swiss.

The Federal Council has moved swiftly to counter any ill effects the anti-UN vote may have abroad. Swiss embassies had been briefed even before the referendum to offer "explanations."

Mr Pierre Aubert, the Foreign Minister, refusing to take the result as a personal defeat, insisted there would be no change in foreign policy or in Switzerland's role in international organisations.

After a lean period, Ireland's inward investment policy is paying off, reports **Hugh Carnegy**

Shamrock lure attracts foreign companies

AT THE SMART south Dublin headquarters of the Irish Industrial Development Authority (IDA), things are looking up a little. Last year the IDA achieved its best performance in attracting new industry from abroad since 1981, when it was at the peak of its international reputation as a skilled enticer of foreign companies to Irish locations.

Overseas companies negotiated more than 200 investment plans in Ireland in 1985, involving I£350m (£315m) investment in fixed assets and the eventual creation of 13,000 jobs. New jobs actually filled during the year in all IDA programmes numbered 11,000, a 10 per cent rise from 1984. The trend is forecast to continue in 1986.

This improvement follows several difficult years however and the outlook remains tough, compared with the "good times" of the late 1970s. The domestic economy is still in severe difficulties and competition to win new foreign investment has never been hotter.

On top of that, the IDA frequently has to defend itself against critics who question its policies, saying foreign companies get more in profits and tax breaks out of Ireland than Ireland gets out of them. Mr Padraic White, IDA managing director, tackled this criticism last month in a speech to the Cork Rotary Club.

He pointed out that the 883 foreign companies in Ireland (327 from the US, 202 from Britain) employ 80,000 people, or 40 per cent of those in manufacturing industry. They contribute, he said, I£2bn a year to the economy through wages and purchases of raw materials and services, 25 times the IDA payout to foreign companies in any year.

"I have yet to see any other public investment programme that matches the 'value for money' ratio of the IDA's foreign investments," Mr White said.

The "value for money" argument flares up every time a foreign company announces redundancies or closures in Ireland. Last year, while the queue of companies interested in coming in was healthy, the line of those pulling out grabbed more headlines.

Mostek, the US microchip maker, once a start in the IDA firmament, was the biggest casualty. Its parent, United Technologies, closed down Mostek operations worldwide in October with the loss of 400 jobs.

Five hundred other jobs went with the shutdown of Atari and Storage Technologies' Irish plants and Advanced Micro Devices shelved plans to build a $210m plant which would have employed about 1,000.

Critics say these cases show that Irish operations of foreign companies are the first to go when hard times hit and that while they remain they take out

Padraic White . . . tackling the "life cycle" effect

of the economy more than they put in.

With corporation tax at just 10 per cent, profit repatriation by foreign companies was around I£1bn last year, compared with GNP of I£16bn. Foreign companies also spend annually more than I£1bn on imports.

The grant cost per job approved in all IDA programmes jumped to I£15,000 in 1984 from I£8,600 in 1981.

The reality, however, Mr White said, is that foreign investment is now an integral part of Ireland's economic strength. Foreign companies account for well over half of employment in the high-technology sectors such as electronics and pharmaceuticals, reaching as high as 94 per cent in instrument engineering.

The problem for the IDA is not to find alternatives to inward investment, but to keep attracting sound new projects against increasingly tough competition from other national development agencies and, more importantly, to entrench the existing companies more deeply in the Irish economy.

The authority is putting its greatest effort into encouraging existing foreign companies to expand their operations and establish research and development facilities in Ireland. Last year, about half of all new foreign investments were expansion projects by existing companies.

They included a decision by Braun to increase its 1,000-strong Irish workforce by a third to make Carlow its world centre for personal care products.

The IDA, perhaps a little belatedly, has also set up a "national linkage programme" to increase the amount of raw materials bought locally by foreign companies. At present, they purchase 25 per cent of materials locally, proportionately far less than Irish companies.

Raising this figure would greatly assist the IDA's effort to develop indigenous small businesses and would ease accusations that foreign companies don't pull their weight in the domestic economy.

In trying to entrench foreign industry, the IDA has encountered some problems which suggest a serious structural difficulty involved in the long-term prospects of foreign companies.

Dr Eoin O'Malley of Ireland's Economic and Social Research Institute in a recent article called this the "life cycle effect."

"It appears that new foreign plants commonly experience rapid employment growth in their early years as they build up to initial target size, followed by periods of slower growth, stagnation and eventually decline or closure."

Among a number of statistics used to show this, Dr O'Malley gave IDA figures which showed that in the electronics sector foreign companies established up to 1968 declined in employment terms within 10 years.

To try to solve this problem, the IDA has recently backed restructuring plans by several foreign companies. These have involved a shift to more capital-intensive operations and in some cases redundancies, as original projects ran out of steam.

Extending the life cycle of companies is now viewed as an increasingly important battle in the efforts to hock a declining trend.

Transport disputes threaten Easter travel chaos in Spain

BY DAVID WHITE IN MADRID

CHAOS and disruption in Spanish air and rail services, the result of separate strike movements yesterday, threaten to be repeated during the peak Easter holiday period if wage claims are not settled by then.

Traffic at Madrid and most other major Spanish airports was paralysed as ground staff of the state airline Iberia went on strike and refused to obey minimum service orders laid down by the authorities.

The breakdown of air services coincided with total stoppages on the railways for two-hour periods in the morning and evening, affecting hundreds of thousands of commuters and long-distance passengers.

Along with the latest in a series of strikes at the main steel complexes in northern Spain, the conflicts are the result of attempts to restrict wage increases in loss-making public enterprises.

Ground staff at the strike-plagued national airline are pressing for increases of about 8.5 per cent, at the top end of the range for pay increases laid down in Spain's two-year economic and social pact. Unions claimed a 90 per cent response to the strike call yesterday as they defied Iberia's efforts to go ahead with skeleton services.

Further 24-hour stoppages at the airports are planned for Monday, Tuesday and Wednesday of next week and on Easter Monday.

Unions at Renfe, the state rail network, claimed a majority response to their call for intermittent stoppages and envisage similar action on Friday and next Monday, followed by 24-hour strikes on March 26 and April 1 if their claims are not met.

The railway workers want their 8.4 per cent annual pay increase to be applied to bonuses as well as basic wages, and are pressing the company to fulfil pledges on hiring new staff.

● Pacifist hecklers shouting anti-Nato slogans yesterday interrupted Mr Hans Dietrich Genscher, the West German Foreign Minister, during a lecture at Salamanca university, police told Reuter. They were bundled away by police

West Germany firmly supported Spain's Socialist Government when it asked voters to uphold the country's 1982 membership of the North Atlantic Treaty Organisation in a referendum last week. The Socialists won the poll.

Honecker to visit West 'this year'

By Leslie Colitt in Berlin

EAST GERMANY'S leader, Mr Erich Honecker, is planning to make his long-delayed visit to West Germany, this year, according to officials in both countries. The visit he had planned to make in September 1984, was cancelled because of Soviet opposition.

A senior East German official and the chief West German government spokesman, Mr Friedhelm Ost, said Mr Honecker reiterated his interest in a visit when he met Chancellor Helmut Kohl last weekend in Stockholm during the funeral of Mr Olof Palme.

Mr Ost said no date had been agreed, but the East German official said late June was under consideration.

Soviet diplomats in Berlin and the West German Government also denied a report in the news magazine Der Spiegel that Mr Mikhail Gorbachev, the Soviet leader, would visit West Germany in the next few months. The

Honecker: interested

magazine said this would pre-empt any visit by Mr Honecker to Bonn.

The East German leader, meanwhile, has been meeting prominent West German politicians in East Germany for the Leipzig trade fair.

His talks yesterday with Mr Martin Bangemann, the West German Economics Minister, touched on political as well as economic relations between the two German states. They agreed that East-West German trade which hit a record of nearly DM 17bn last year was a stabilising factor in international relations.

Mr Honecker also had his first meeting with Mr Eberhard Diepgen the Governing Mayor of West Berlin, on Sunday in Leipzig. The latter said he expected East Germany would soon halt the flow of Third World asylum seekers into West Berlin after stopping their passage to West Germany earlier this year.

Nearly 1,000 refugees a week have entered the city in recent months after arriving at East Berlin's airport.

Czechoslovaks jump ship on cruise

Ten Czechoslovaks on a River Danube cruise to West Germany have failed to return to their ship after a visit to Munich, police told Reuter yesterday. Three of the group had applied for political asylum in West Germany but the rest were unaccounted for, a West German border police spokesman said.

Fourteen Czechoslovak tourists went missing from a similar cruise two weeks ago and six have sought asylum.

OVERSEAS NEWS

Yen reaches record highs against US dollar

By Carla Rapoport in Tokyo

THE Japanese yen touched record highs against the US dollar in Tokyo yesterday as Central Bank officials remained evasive about possible intervention measures to halt the yen's climb.

After touching a record low in yesterday's trading in Tokyo, the dollar closed at 175.45, down Y2.25 from Friday's close. At a specially convened press conference yesterday, Mr Satoshi Sumita, governor of the Bank of Japan, ruled out the possibility of a third cut in Japan's discount rate but refused to comment directly on possible intervention measures which the central bank may take in the market.

Mr Noboru Takeshita, Japan's Minister of Finance, for example, yesterday said he did not rule out in principle the possibility of dollar-buying tactics to slow down the yen's rise. Both Mr Sumita and Takeshita agreed, however, that the yen was rising too fast, with too much speculative support.

"The problem is the rapid change," said Mr Sumita, indicating that the level of the yen against the dollar was not unacceptable. Earlier this month, the BoJ cut Japan's official discount rate by a further 0.5 per cent to 4 per cent, but this move has not altered the psychology of the foreign exchange market. Most traders now expect the dollar to slip to Y170 or even further.

Despite the yen's continued rise, the D-Mark traded at around 2.25 to the dollar yesterday, little changed from last week. This suggests, according to traders, that the yen is becoming the prime speculative target.

At the same time yesterday, yields on long-term government bonds fell to record lows in Tokyo.

The benchmark 78th series 6.2 per cent 10-year bond closed yesterday at a yield of 4.84 per cent, down 0.07 per cent from the weekend, after touching a record low of 4.82 per cent during the day. Traders said they had stepped up their purchases in anticipation of lower interest rates.

Moslem rebels urge Aquino to grant autonomy in south

BY SAMUEL SENOREN IN MANILA

MOSLEM REBELS in the southern Philippines are pressing the Government of President Corazon Aquino to grant them autonomy in running local government as a condition to ending a costly secessionist war that has dragged on for 16 years.

A small delegation from the Moro National Liberation Front (MNLF) based in Jeddah which arrived on Saturday with safe conduct passes issued by the Defence Ministry is to meet with Mrs Aquino on Thursday to negotiate a peaceful solution to the conflict that has claimed the lives of tens of thousands.

Sultan Macapanton Abbas, the political affairs chairman of the MNLF, will ask Mrs Aquino to honour an agreement reached with the government of deposed President Ferdinand Marcos in Tripoli, Libya in 1976 which provided for self-government for some 5m Moslems in southern Philippines.

The chairman of the MNLF committee, Commander Dimas Pundato, is expected to come to Manila only when peace talks are progressing smoothly.

The Moslem rebels split into three factions. Two are seeking autonomy as a solution to improve the standard of living of the population in the south which they claim had been neglected by the central government in Manila. The third still wants secession.

The Tripoli agreement called for 13 provinces in southern Philippines to be grouped into one self-governing region with its own legislature, Islamic courts and schools.

Although the pact was signed by his representative, Mr Marcos chose to implement only portions of the agreement since it had become a highly sensitive issue in areas where there was a significant Christian population.

During the election period, Mrs Aquino had indicated sympathy towards the Moslem population but stopped short of throwing support to the MNLF cause.

To allow negotiations to run smoothly, Mrs Aquino has ordered a truce in southern Philippines from April 1 to September 30 this year. In fact, an informal ceasefire has already been in effect since Mrs Aquino released hundreds of political prisoners after assuming power late last month.

If the talks are successful, the MNLF fighters estimated at between 10,000 to 20,000 strong will be constituted into a regional security force under the Philippine armed forces.

Mr Abbas warned, however, that negotiations could fall through "ambitious persons close to people in power who want to establish a power base in southern Philippines."

Reformist officers in the Philippine armed forces initiated the move to invite the MNLF to the negotiating table early this month.

IMF talks urgent says Egyptian banking chief

BY TONY WALKER IN CAIRO

THE SLIDE in oil prices is adding urgency to Egypt's discussions with the International Monetary Fund about a standby facility of some $1.5bn, according to Mr Ali Negm, governor of the Central Bank of Egypt.

Mr Negm said in an interview, that he expected an IMF team to return to Egypt soon to continue discussions begun last year. Egypt has not yet lodged a formal request. IMF officials report little, if any, progress in last year's talks.

Mr Negm said Egypt is working with the IMF on a reform programme. Balance of payments support would assist in overhauling Egypt's multi-layered exchange rate regime.

The IMF is pressing Egypt to unify its various official exchange rates which bear little relation to the open market value of the Egyptian pound. It is also urging substantial reform of Egypt's system of food and energy subsidies that is proving a crushing burden on the national budget.

Mr Negm said that Egypt is planning a unified system of exchange rates, but this could only be implemented over three to five years because of the inflationary effects of suddenly bringing the official rate (used to calculate strategic imports such as foodstuffs) of E£0.70 to the US dollar to the free market which is now around one US dollar to E£1.80.

Mr Negm said that the slump in oil prices had yet to have an impact on funds being forwarded to the Treasury by the Egyptian General Patroleum Company (EGPC) which had a particularly buoyant first six months with sales totalling some $1.5bn, well above the figure for the comparable six months in 1984.

But he acknowledged that the collapse of the world oil market was likely to have a serious effect on revenues available to the central bank.

South African gold mine strike ends

A WEEK-LONG strike by 7,000 miners ended yesterday at the Blyvooruitzicht gold mine 30 miles west of Johannesburg, Jim Jonea reports from Johannesburg. The strike ended after violence at the mine claimed the lives of seven men.

The violence, which erupted late on Friday, appears to have accompanied management efforts to weed out men allegedly intimidating others into staying away from work. Management obtained signed statements from most of the work force expressing willingness to return to work.

In other parts of the country, a bomb blast and rioting in 13 black townships left two blacks dead and six injured, police said.

Unita frees captives

Some 176 foreigners captured by Angolan Unita rebels on March 1 have been freed and are safe in Zaire's south province of Shaba, Portugal's ambassador in Kinshasa said, Reuter reports from Lisbon. Mr Alvaro Guerra was quoted by a Portuguese news agency saying they were in the hands of the International Red Cross in an isolated area some 900 miles from the Zairean capital Kinshasa.

Sabah Moslems riot

Police yesterday fired teargas into a crowd of 3,000 Moslem demonstrators in Kota Kinabalu, capital of the East Malaysian state of Sabah, who continued their week-long agitation for the removal of the Christian-dominated state government, Wong Sulong reports from Kuala Lumpur.

At the same time, Datuk Pairin Kitingan, the embattled Chief Minister, won a partial victory when the Sabah high court dismissed an opposition petition to stop the elections commission from holding fresh polls in the state.

Abe tipped to follow Nakasone

BY JUREK MARTIN IN TOKYO

MR SHINTARO ABE, Japan's Foreign Minister, appears to be gaining in the contest to succeed Mr Yasuhiro Nakasone as president of the ruling Liberal Democratic Party, and hence Prime Minister, later this year.

A poll in yesterday's Asahi newspaper reported that Mr Abe was the preferred choice of 36 per cent of LDP supporters, against 19 per cent for Mr Noboru Takeshita, the Finance Minister, and 15 per cent for Mr Kiichi Miyazawa, chairman of the party's executive board. A poll last October had given him only a small edge.

The same survey also found that 58 per cent wanted Mr Nakasone to have a third two-year term at the LPD helm. This is consistent with other polls, which suggest that the Prime Minister remains extremely popular in the nation at large.

However, the LDP is neither liberal nor very democratic and public opinion counts for little in assessing its secretive manouvering for power. Most political observers now believe that Mr Nakasone has little chance of remaining in office beyond the expiry of his term as president in October.

The surge for Mr Abe, however, in general estimation does find an echo in expert opinion, not so much because he has demonstrated exceptional skills or strength in party or national affairs, but because the other two "new leaders" appear deficient in one respect or another.

Mr Takeshita, for example, still has the most money and probably the greatest support among MPs; but heis increasingly hamstrung by the fact that the Tanaka faction, to which he belongs, refuses to unite behind him. In LDP folklore this is considered a black mark.

Mr Miyazawa's problem, rather like Mr Nakasone's, is that his party peers find him standoffish. It is also a commentary on party priorities that both Mr Miyazawa and Mr Nakasone are associated with distinctive policy positions, whereas Mr Abe and Mr Takeshita prefer to "get along" in the approved uncontroversial

Andrew Whitley explains why the coalition is arguing about policy

Economic deadlines loom in Israel

WHAT do the flagship company of Israel's much-vaunted high-tech industries, the state-owned shipyards, the biggest contractor, development towns on the annexed Golan Heights and the health insurance scheme have in common?

They are all deep in debt. In recent weeks they have appealed for urgent government help with varying degrees of success. The list also includes the Zim national shipping line, which has made a remarkable turnaround over the past year, but still has enormous debts and the collective farms. It adds up to a major headache for Prime Minister Shimon Peres.

"I am not going to be the undertaker for agriculture and industry," Mr Peres exploded at a recent Cabinet meeting, exasperated by the reluctance of his coalition partners from the Likud bloc to go along with Labour's plans for renewed economic growth.

A serious political crisis is brewing over the issue. Labour is pressing for agreement on four issues:

- Approval of an avowedly pro-growth economic policy.
- The setting up of a "growth fund"
- The transfer of the Finance Minister's authority to make key appointments over state corporations to the Prime Minister and his deputy, and
- The setting up of a small, ministerial-level "growth committee," to be chaired by Mr Peres.

Likud, not surprisingly, regards the proposals as a clearly political ploy by Labour to outmanoeuvre its rivals ahead of the planned rotation of the Premiership in October. All Cabinet discussions on the interlinked topics of restoring growth and rescuing troubled enterprises have thus been stalled for the past month.

DEADLINES are looming however. Next Friday is the date by which the Government budget for the forthcoming financial year, commencing on April 1 should be approved by Parliament. At the end of the month the current wage and prices agreement between the unions and the employers, critical to the success of the current emergency economic programme, expires.

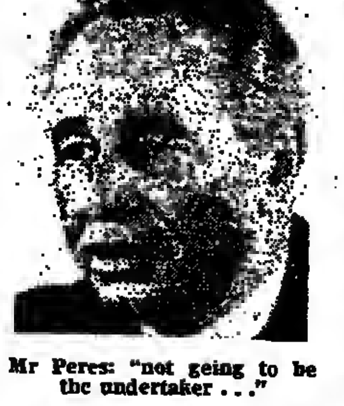
Despite its political backing for Mr Peres's Labour alignment, the Histadrut trade union organisation is keeping its options open on whether or not to sign another binding wage pact with the coalition Government. "We have to have an agreement we can live with," said Mr Haim Haberfeld, trades union chairman at the Histadrut, stressing the need for job creation.

Unemployment in Israel has risen from a historic average during the 1970s of around 3.2 per cent to 6.9 per cent last year. The Histadrut fears that the restrictive 1986 budget proposals drawn up by Mr Yitzhak Moda'i the Likud Finance Minister, could push the jobless figure into the 10 or 11 per cent range, an intolerable prospect for an immigrant society.

"This is very dangerous for our state. It is a Zionist problem, not just an economic problem," Said Mr Haberfeld.

The Histadrut itself is well aware of the problems Mr Peres faces, for it owns two of the enterprises in grave difficulty. One is Solel Boneh, the contracting company. With construction starts at their lowest in many years, Solel Boneh is in deep trouble. A cut of 3,200 in its 10,000-strong labour force has been proposed by an independent commission, but the Histadrut has come out strongly against the idea.

The difficulties facing the



Mr Peres: "not going to be the undertaker . . ."

Kupat Holim, the Histadrut-run health service to which most of the population belongs, are much more intractable. The health service owes $525m to the commercial banking system and bankers are beginning to get nervous.

Raising charges to users would help, but this would be politically painful on top of last year's sharp cut in Israelis' standard of living.

The alternative, suggested by Likud, would involve selling-off some of the Histadrut's more viable corporate assets to finance the other arms of its large empire.

When the coalition national unity Government took office in October 1984, the privatisation of some state companies was said to be official policy. But little has happened and, most observers believe little is likely to happen on this front in the near future.

To present the Labour-Likud clash on the economy as a straightforward profligacy versus parsimonious policy confrontation would be misleading, however.

As Mr Amnon Neubach, the Prime Minister's economic adviser, points out, the overall budget deficit has been slashed from 14 per cent of gross domestic product in 1984 to between 6 and 7 per cent last year, largely through the cutting of subsidies. The target range for 1986 is 4 to 5 per cent.

So far the Government has taken a cautious attitude towards the various cries for help it has received. Private industry is to be allowed to raise an additional $450m on the domestic capital markets next year, and the major banks to be permitted to exceed their foreign borrowing limits so as to bale out Elscint, the high-tech concern.

The Prime Minister insists that helping problem areas like the development towns can be accomplished within the already laid-out budget limits, and without printing more money.

What appears to be weighing on his mind is his public image. With the opinion polls showing that his popularity is at an all-time high, a series of recent statements have made clear that Mr Peres is anxious not to go down in history as the man who wielded the axe.

Next month he will travel to the US to see if there is can do, in practical terms, to help along the new growth strategy. The answer is almost certain to be a polite no. Instead the Reagan Administration is sure to try to encourage Mrs Perea to continue with the good work achieved so far in the eight-month old economic stabilisation plan.

But as the rotation of the Premiership approaches, the temptation to accede to the growing clamour from the Labour movement may prove irresistible.

A cut-out-and-keep guide for confused Imperial shareholders.

VALUES OF UNITED BISCUITS' BEST OFFER		VALUES OF HANSON TRUST'S BEST OFFER	
UNITED'S SHARE PRICE	THE OFFER	HANSON'S SHARE PRICE	THE OFFER
p	p	p	p
230	323.6	170	349.8
231	324.9	171	351.5
232	325.7	172	353.3
233	327.0	173	355.8
234	328.2	174	357.6
235	329.5	175	359.4
236	330.7	176	361.1
237	331.5	177	362.9
238	332.8	178	364.7
239	334.0	179	367.2
240	335.3	180	369.0
241	336.5	181	370.7
242	337.8	182	372.5
243	338.6	183	374.3
244	339.9	184	376.0
245	341.1	185	378.5
246	342.4	186	380.3
247	343.6	187	382.1
248	344.6	188	383.8
249	346.1	189	385.6
250	347.5	190	387.4

The values of Hanson Trust's and United Biscuits' offers depend on their respective share prices. The above offer values are for Hanson Trust's Share and Convertible Stock Election and United Biscuits' Offer or Ordinary Share Alternative (where this is worth more than the Offer). The offer values take account of estimates by Hoare Govett Ltd. of the values at the relevant ordinary share prices, of the 10% convertible loan stock of Hanson and the convertible preferred shares of United Biscuits.

If you're a trifle confused, we can understand why.

The value of our offer and that from United Biscuits depends on both share prices at any given time.

And since these can vary daily, you may have problems in assessing the relative worth of each offer. But now it need not be a problem.

Cut out the table above and you'll have a ready-reckoner that shows the relative value of both offers.

(In order to be perfectly fair, the values we've quoted are based on the best possible offers).

Let's give you an example. At time of going to press, our shares stood at 179p. So, looking down the right hand column, our offer values your Imperial shares at 367.2p.

United Biscuits price, on the other hand, was 240p. Which, looking down the left hand column, makes their offer worth 335.3p.

Clearly, our offer is substantially better than theirs.

HANSON TRUST

CONTINUING GROWTH FROM BASIC BUSINESSES.

Republicans tip Reagan to win Contra aid fight

BY REGINALD DALE, US EDITOR IN WASHINGTON

REPUBLICAN leaders yesterday predicted that President Ronald Reagan will narrowly prevail in his nphill struggle to persuade Congress to grant US military aid to the anti-government Contra rebels in Nicaragua—the biggest foreign policy battle so far in his second term of office.

With voting dne to start in the House of Representetives on Thursday, Vice President George Busb said: "It's going to be close, but I think we're going to win it."

Mr Bush and other leeding Republicans drew confidence from the impact of a hard-bitting speech to the nation by Mr Reagan on Sunday night, in which be portrayed Nicaragua as e "cancer" and a potential soviet beach-head in North America directly threetening the national security of the US.

Mr Reagan's Democratic opponents, while conceding that be has gained ground with a crescendo of anti-Sandinista oratory over the past week, believe that they can still defeat him. The White House admits that it is still ebout a dozen votes sbort in the 435-seat house.

The Democrats again yesterday insisted that Mr Reagan was going for military options before diplomacy had been exheusted and raised the shadow of Vietnam. Democratic Senator Alan Cranston of California said that adoption of Mr Reagan's $100m (£69m) aid package for the Contras, of which $70m is to be military, would ultimately lead to American troops fighting in Nicaragua.

"That'e the precise pattern we followed in Vietnam — money followed by military advisers followed by American troops," Mr Cranston said.

The White House claimed that telephone calls from viewers were running over 70 per cent in favour of Mr Reagan's speech. Mr Philip Habib, Mr Reagan's newly appointed special envoy for Central America, cited an opinion poll that he claimed showed 90 per cent of the people of Central America supporting Mr Reagan'e policy.

In his nationally televised speech, Mr Reagan sought to rise above partisan politics on Capitol Hill by depicting Nicaragua as a "mortal threat" to the US — with the aid of a map showing a red stain spreading across Central America and threatening Mexico.

"Using Nicaragua as a base, the Soviets and Cubans can become the dominant power in she crucial corridor between North and South America," he said.

"Today Warsaw Pact engineers are building a deep-water port on Nicaragua'e Caribbean coast similar to the naval base in Cuba for Soviet-built submarines.

While Mr Regan made no mention of possible compromise in his speech, White House officials say that they are ready

Nasa accused of overpaying contractors

By Nancy Dunne in Washington

THE US National Aeronautics and Space Agency (Nasa) has been accused of wasting millions of dollars in its dealing with contractors at the same time as saving money by cutting back on safety measures.

The charges will draw Congressional fire as the demoralised agency, still reeling from the Challenger disaster, is laying plans for the future of its shuttle programme.

Allegations of waste surfaced on Sunday in the Miami Herald, which used the US Freedom of Information Act to obtain audits conducted by the Pentagon's defence contracts audit agency.

Auditors found large overpayments for parts, excessive generosity in compensating contractors for the expenses and extensive inefficiencies caused by employee "loafing."

One part, said the Herald, a wire fastener worth three cents (2p) cost Nasa $315. The agency paid $256 to fly a contractor's dog from coast ta coast and $256 for an air-ticket so that an executive'e stepson could visit his natural father.

A former Pentagon anditor told the Herald that about one-third of Nasa's budget is wasted on free-loading and excessive mark-ups.

Nasa called the charges "ludicrous." It also released details of about 900 parts that are considered vital to the shuttle's survival so-called criticality items. These include the O-rings, the prime suspect in the Challenger accident.

Canute James detects a new mood in the 'pariah' of the Caribbean

Guyana comes in from the cold

IN THE three months since he retained office in a much criticised general election, President Desmond Hoyte of Guyana has successfully ended a period of isolation for his socialist republic. Guyana is now being publicly embraced by countries which until a few weeks ago were among its sternest critics.

Nowhere has the change been more dramatic than in the Caribbean where Guyana has been treated as something of a pariah. But Mr Hoyte also appears to have managed a significant improvement in US relations which were strained by Mr Forbes Burnham, the former President who died in August.

The new attitude to Guyana has little to do with any major policy concessions by Mr Hoyte'e administration. But there have been small, but significant, changes in both style and substance which have changed the perception that Mr Hoyte is Mr Burnham'e hand-picked successor and political clone.

Although Mr Hoyte has not reduced Guyana's ties with East European countries and Cuba, which neighbouring conservative Caribbean leaders and Washington had indicated were a reason for keeping the country at arm's length, he has not emulated Mr Burnham's anti-American rhetoric.

He has shown flexibility on key domestic issues, and a level of diplomacy on foreign matters quite different from the way his predecessor condncted the affairs of the sprawling English-speaking South American republic of 900,000 people.

The Caribbean volte face on Guyana came during a meeting earlier this year between Mr Hoyte and five island leaders on the islet of Mustique. "It was an extremely good meeting," said Miss Eugenia Charles, Prime Minister of Dominica, who had said earlier that she would not be attending the July summit of the Caribbean Economic Community, because it was being held in Guyana.

Miss Charles said: "Everybody had their say, nobody pulled punches. We asked questions exactly as we wanted to, and there was never a fumble in the replies given to us . . . I am satisfied with the results of that meeting."

The new attitude also derives from concern among the conservative Caribbean leaders about the possible alternetives to Mr Hoyte. The major opposition to Guyana's incumbent People's Netional Congress is the Marxist People's Progressive Party led by Dr Cheddi Jagan.

"Jagan is an acknowledged communist. He belleves in a system in which there are no elections at all," said Mr Bernard St. John, Prime Minister of Barbados. "At least Mr Hoyte's Government has elections."

Government officials in the eastern Caribbean have rejected suggestions that the change in regional attitudes to Guyana was at the behest of Washington, concerned that pressure on Mr Hoyte could increase the infinence and credibility of Dr Jagan's party.

Before aod since the Mustique meeting, US and Guyana officials beve met.

"There is now clear evidence of a community of wishes by both Governments that the tense relations of the past be part of history. We expect that soon fundamental matters of economic relations will be publicly addressed," one Georgetown diplomat said.

After mending fences with its neighbours and with Washington, Mr Hoyte faces an uphill task in rebuilding the country's struggling economy. In the last days of Mr Burnham's administration, foreign financial assistance was reduced to a dribble. Now the government is looking to new credits from international institutions.

Not much is being said officially ebout the prospect of help from the International Monetary Fund, which last year declared the country ineligible for assistance because of arrears on repaying earlier loans.

In presenting the budget this month, Mr Carl Greenidge, the Finance Minister, said the errears in payments to the Fund had "eccumuleted quite steadily."

The economic picture is still uncertain, despite an improvement in gross domestic product last year of 4 per cent. Mr Greenidge is anticipating similar growth this year.

The minister has forecast a growth in exports of 10 per cent bot expects the country to end the year with a trade deficit of $70.5m on an overall volume of $498m.

At present, Mr Hoyte is heving to grapple with a major oil shortage, created by demand from Trinidad and Tobego, Guyana's main supplier, for advance hard currency payments. Petrol is being rationed and electricity blackouts ere frequent. Guayana spends 28 per cent of its foreign eernings on oil imports.

Mr Greenidge projected that Guyana's export earnings for the year wonld come from bauxite ($114m), sugar $73m), and rice ($26m).

The economy is burdened by a foreign debt of $1.3bn, with a debt service ratio of 45 per cent. The Government wants to refinance much of this, but creditors are reported to be aweiting an agreement between Guyana and the IMF before talking ebout rescheduling.

Indicative of the changes which Mr Hoyte ia seeking in the domestic economy is a new Government attitude to local private business. The private sector is being encouraged to take a more ective role in the economy, 80 per cent of wbich

"Ideology is a guide to action and not an instrument of inflexibility," Mr Hoyte said recently. "Our businessmen, being influenced hy the reality of our economic situation, have come up with e number of very ingenious ways of coping."

Bahamas and US in move to curb crime

By Nicki Kelly in Nassau

REPRESENTATIVES of the Bahamas Government end the Government of the US have egreed in principle on terms of a mutual legal assistance treaty whicb will expedite the exchange of information needed to prosecute drug traffickers and other criminals.

The announcement by Sir Lyndon Pindling, Prime Minister, came in a speech to the annual conference of the Association of International Banks in the Bahamas.

The provision of the egreement must still be ratified by the US Senate, hut Sir Lyndon said both governments were expected to endorse and conclude the treaty this year.

Sir Lyndon emphasised that while tbe Bahamas was willing to co-operate with other governments in curbing criminal abuse of the Bahamian hanking system, it could not eccept the proposed terms of e tax-releted exchange of information agreement with the US because of the impact on the country's status as a tax heven.

The stipuletion that the agreement over-ride hank privacy laws and subject third country nationals to its requirements was "most objectionable," he said. "Compliance in this aree would remove utterly and completaly the rationale and appeal of the Bahamas as a financial centre to non-US residents and nationals," he said.

Uoder the Caribbean Basin Initietive, countries providing the US with bank information to help track tax eveders can host conventions wbich visiting Americans can claim as tax-deductible.

Although the tax has already cost the Bahamas more than $100m (£68m) in lost tourism revenue, Sir Lyndon reaffirmed his government's intention not to change the Bahamas' tax structure or alter its hank privacy laws.

Former US presidential counsel Mr Lloyd Cutler warned that American authorities and the US congress in particular will increase their attempts to penetrate bank secrecy in foreign jurisdictions by imposing stricter lews to deal with money laundering.

Mr Cutler, a leading Washington attorney, said secrecy in countries like the Bahamas and Switzerland was widely perceived as an important cause of serious crime in the US, including securities fraud, drug trafficking, tax evasion and other criminal activities which depended in large part on the concealment of assets.

Peruvian militancy spurned by Argentina

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA, which until recently was considered by bankers to be Latin America's hlack sheep, has emerged as a champion of moderation and common sense.

So it would seem from the lack of support given by Buenos Aires this weekend to President Alan Garcia of Peru during his three day state visit here aimed at forging e militant alliance to defy the US and other industrialised nations on issoes ranging from debt to regional security.

Mr Garcia on Saturday signed a joint communiqué with President Raul Alfonsin whicb held oot the prospect of growing Latin American pressure for lower interest rates and e political dialogue on regional debt, as well as e peace settlement within Central America along the terms set out hy the Contadora group. But the communiqué was vaguely phrased and excluded ell reference to detailed forms of action, on the insistence of Argeotine officials.

Mr Garcia wanted Argentina to back his call for the creation of a Latin American monetary fund capable of bailing out debtor nations who might wish to default rather than bend to the demands of the banks and the International Monetary Fund.

The communiqué talked only of both countries "studying proposals" for expanding the existing Andean Monetery Fund which has limited reserves for helping ont a smell nnmber of Latin American countries with balance of payments problems.

The Argentines also refused to agree with Mr Garcia's proposal for the scrapping of the Inter American Treety for Mutual Assistance end its replacement by a regional defence pact from whicb Washington would be excluded.

Diplomats here claimed that the communiqué was the best compromise possible given the strikingly contrasting attitudes taken in public by Mr Garcia and Mr Alfonsin.

The Peruvian leader left no-one here with any doubt about his determination to seize for his country the leadership of the Latin American public opinion. He used every eveilable contact in the Press to lambast the IMF, the Baker Plan and US policy towards Nicaragua.

"The time for dialogue with creditor countries bas come to an end; the time has come to move towards ection instead of listening to proposals that only make us waste time," he said.

Mr Alfonsin, however, dnring e dinner offered in Mr Garcia's honour, reminded the Peruvian leader that debtors and creditore had a shared responsihility on the debt issue and that Latin American couotries sbould continne to make internal adjustments to their economies and increase exports.

"Confrontation has never crossed our minds. Our permanent demand is dielogue"

His comments appeared to confirm that Peru remains isoleted from larger dehtor governments as they attempt to win concessions from their creditors.

Former Duvalier supporters resign

HAITI'S ministers of agriculture and commerce heve resigned, the ruling military-civilian council announced yesterdey, AP reports from Haiti.

Mr Montaigu Cantave, Agriculture Minister, and Mr Odonel Fenestor, Minister of Commerce and Industry, resigned last week. Both bad been eppointed by the council after ousted ruler Mr Jean-Claude Duvalier fled into exile oo February 7. A statement issued hy the council cited no reason for the resigoetions. But both men were koown to have heen closely associeted with the former Government, and there has been a public clamour for the Government to shed Duvalier supporters.

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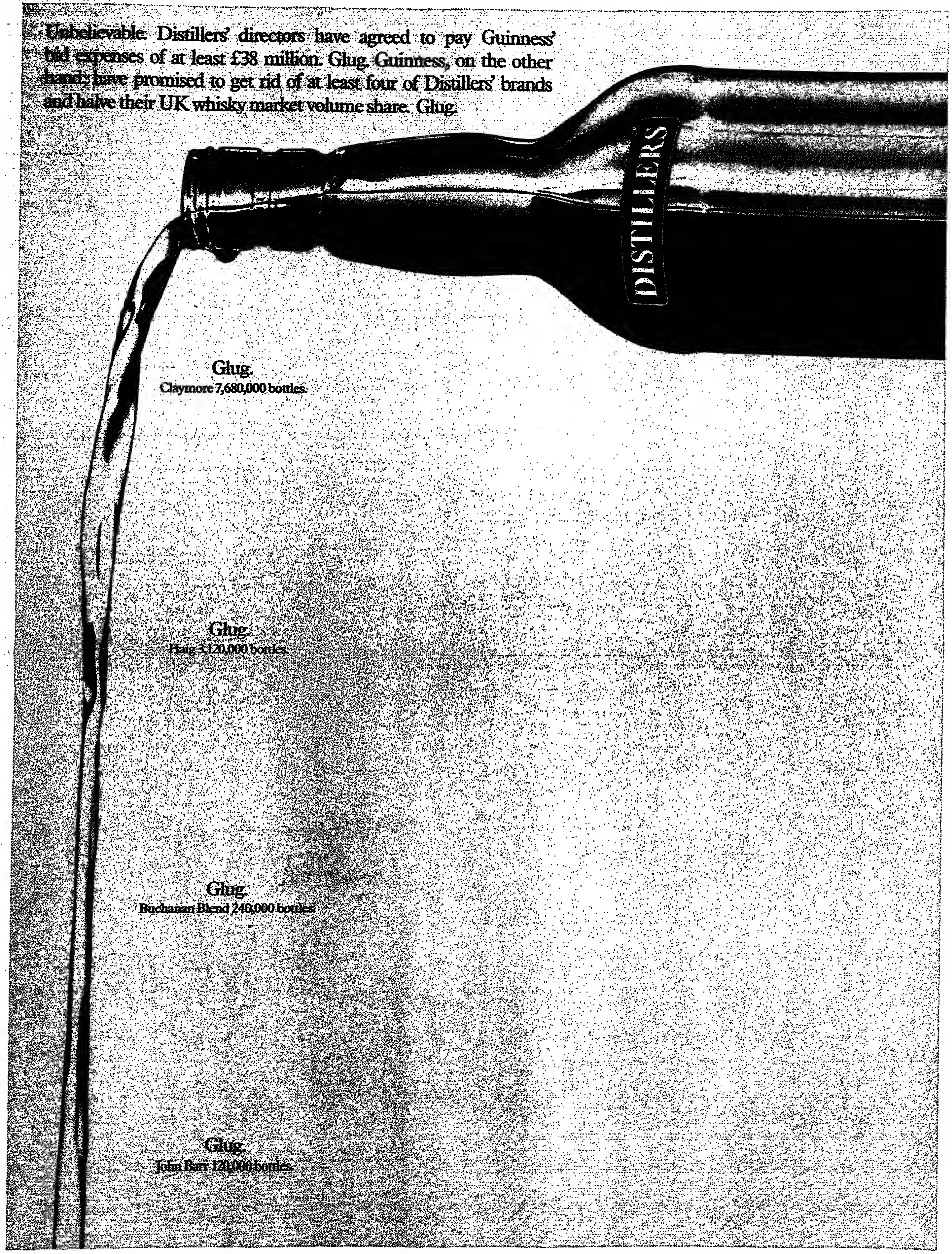

Unbelievable. Distillers' directors have agreed to pay Guinness' bid expenses of at least £38 million. Glug. Guinness, on the other hand, have promised to get rid of at least four of Distillers' brands and halve their UK whisky market volume share. Glug.
DISTILLERS
Glug.
Claymore 7,680,000 bottles.
Glug.
Haig 3,120,000 bottles.
Glug.
Buchanan Blend 240,000 bottles.
Glug.
John Barr 120,000 bottles.

Commission plays down trade row with Australia

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission yesterday started to play down what looks like being a damaging trade dispute with Australia.

Long - standing arguments about the effects of the European Community's common agricultural policy have flared up following a Community decision to put *off the fifth in* a series of ministerial discussions with Australia.

Mr Willy de Clercq, Commissioner for External relations, had been due in Canberra for talks next month, until the Community decided that, because of what is termed Australia's "unfriendly attitude," the *talks had better not* take place.

Mr Bill Hayden, the Australian Foreign Minister, criticised this decision over the weekend, drawing attention to Australia's problem with the Commnnity's export policy for farm products.

"Now the US is engaging in *a farm products war with the* European Community and they are both literally dumping food grains—in particular wheat—and we're getting knocked about," he is reported as saying.

The Commission in Brussels yesterday was stressing that the de Clercq talks had been postponed simply because under present circumstances it was not possible "to have constructive discussions."

Further, the Commission is pleased that Mr Bob Hawke, Australia's Prime Minister, will be coming to Brussels at the end of April.

Australian criticism of Community farm export policy is not special to the Hawke Government. It has been a bone of contention since the UK joined the Community and Australia started to lose market access.

But after some three years' quiescence, the tone of the argument bas been raised and the *Commisslon seems especially* resentful of the appointment by the Australian Government of Mr Lindsay Duthie as a special trade commissioner to Europe.

His role, it appears, is to speak with national governments, rather than tha Commission

Washington outlines aims for multi-fibre talks

BY CANUTE JAMES IN KINGSTON

THE US would seek three major objectives in the talks on the renewal of the Multi-Fibre *Arrangement (MFA) when they* begin in Geneva next month according to Mr Charles Carlisle, the US chief textile negotiator.

These were an extension of the fahrics which fell within the MFA, tighter controls on the major suppliers to the US, and an opening of the markets of these major exporters to more US goods.

It will especially seek agreements protecting the US from "destabilising surges" of imports from the major Far Eastern producers, Mr Carlisle said.

Bnt he emphasised that although the US sought to bring other fabrics within the MFA, "the one we are not interested in is pure silk."

Mr Carlisle was speaking in *Jamaica, where he is spending* two days talking to representatives of 16 Carihbean governments on a new US policy for garments produced in the *region.*

The US has already started *discussions with its* major suppliers, he stated.

The MFA was implemented in 1974 to control international trade in textiles and garments. It was renewed in 1978 and 1982, and the current pact expires in Jnly.

Textile shipments to the US over the past four *years* have grown by an average 14 per cent.

The new Caribbean programme which Mr Carlisle discussed with regional officials offers new opportunities for shipping to the US garments assembled from cloth woven and parts cut in that country.

The Caribbean countries involved in the new scheme last *year accounted for 6 per cent* of the US apparel market.

Philips and Japanese in electronic parts pact

By Yoko Shibata in Tokyo

NIPPON STEEL and Nippon Chemi-Con of Japan and Philips of the Netherlands have reached a broad agreement to set up a joint company to make ceramic *electronic components* which are used on circuit boards.

Nippon Chemi-Con, an electronics machinery parts maker, Nippon Steel, the world's largest steel maker, and Philips, a leading European electrical appliances maker, are due to sign a memorandum later this month.

The new company, to be set up in June, will be capitalised later this month at Y1.5bn (£4.5m), 40 per cent of which will be pnt up by Philips and 30 per cent each by the two Japanese groups. It will invest Y4bn-Y5bn to build a factory possibly in northern Japan, to start producing ceramic eapacitors next year. It also plans to produce other ceramic parts.

Nippon Steel will supply manufacturing technology and Philips will provide tha hasic technology to process the manufactured ceramic materials into electronics parts, Nippon Chemi-Con will provide mass production technology.

The new company will provide Philips with a manufacturing base of electronics components in Japan, in addition to its VTR manufacturing ontlet in which the group has a *50 per cent stake participation.*

Nippon Steel moved into silicon wafer manufacturing last August when it set np a specialised company, Nittetsu *Denshi (Nippon Steel Electronics).*

Toshiba set to build new plant

By Carla Rapoport in Tokyo

TOSHIBA, one of Japan's leading electronic groups, is expected to announce plans to build a major consumer electronics plant in West Germany this week.

The plant is expected to be built in North Rhine Westphalia and the local authorities believe it will probably create 1,000 jobs.

It is understood that the new facility will produce a wide variety of consumer goods for the Continental market.

Manufacturers are adopting careful tactics to protect markets, writes **John Davies**

West German exporters tackle falling $

WEST GERMAN exporters, facing a difficult period as a result of the lower US dollar, are adopting careful tactics to limit the *impact and* are by no means pessimistic.

Car makers, who earn the biggest single slice of West Germany's US export income, have been putting up their dollar prices along with their rivals, including the Japanese. This will offset some of the dollar's sharp decline against the D-mark in the past year.

Chemical companies have been feeling stronger competition from US rivals in third-*country markets, especially* for standard commodities and intermediate products. With prices under pressure, the West Germans have voiced determination to resist US efforts to take their customers.

Machinery makers, often considered the backbone of the West German economy, are also *beginning* to groan about the lower dollar. But many companies, especially those wtih a leading world position in specialised equipment, are reluctant to cut their D-mark prices, believing that quality and punctuality in delivery will stand them in good stead.

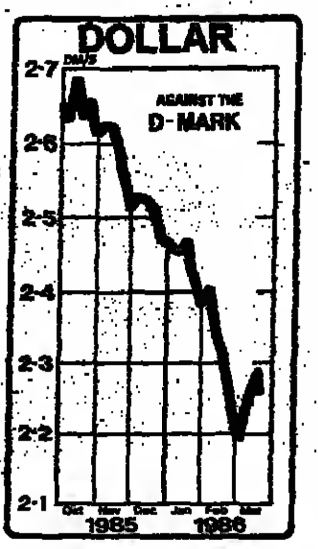
The situation is not new for West Germany, which bas traditionally managed to build up exports even though the D-mark has become dearer in terms of other currencies. What is disruptive, however, is the sharp wing in the value of the dollar, which—after rising to a peak of DM 3.47—has fallen by a third in just over a year.

While the dollar was buoyant, West Germany's export income from the US shot up from DM 32.8bn (£10bn) in 1983 to DM 55.5bn last year. The West Germans earned 10.3 per cent of total export income in the US last year, compared with 7.6 per cent two years earlier.

Motor vehicle exporters earned *DM 17.9bn in* the US in 1984 and increased this to an *estimated* DM 24bn last year. But after reaping windfall profits, the West German car companies have now adjusted to more *sober* time.

Porsche is among the most exposed as it now sells more than half its cars in the US, compared with 28 per cent five years ago. To help keep up aarnings this *financial* year, Porsche plans to push up US sales hy 16 per cent to 29,000, on top of a 21 per cent increase last year. It raised its US prices by 4 per cent last month and plans further price rises.

Daimler-Benz increased *its* US sales by 9.7 per cent to 86,900 last year (out of total production of 541,000) and expects a further increasa this year. It raised US prices by 5.8 per cent from mid-February. But Daimler-Benz has well-balanced world sales, underpinned by a solid (and expanding) market share at home.



BMW, which has boosted US shipments strongly ao that its US sales are ahead of Daimler, decided on a 2.5 per cent price *rise a few days ago* — significantly smaller than that of its main rivals.

Audi, Volkswagen's prestige car subsidiary, announced a *4.9* per cent US price rise earlier this month, while VW prices went up late last year. VW still says it bas no plans to step up Golf output, at its under - utilised Westmorland plant in the US or to take up *Jetta* production there to replace imports.

But Mr Carl Hahn, VW's chief executive, has described Westmorland *as an* insurance policy against import curbs or a more drastic dollar fall. VW recently ended talks with Fuji Heavy Industries about possible assembly of Subaru models at Westmorland, as tha Japanese wanted only 40,000 to *50,000* a year—not enough to justify a *second shift of* work at the plant.

*The big West German chemi*cal companies, all of which have US production operations, have mixed feelings about the dollar decline.

Their US plants suffered from the high dollar, which hindered their own exports from the US and made them *vulnerable to cheaper imports.* On the other hand, the chemical giants were among the first West German companies last year to feel sharper competition *in third markets from US* producers.

*Bayer has met a tougher chal*lenge in Asian and Latin American markets, while BASF said competition had intensified in a number of areas, including the *Asian market for fibre in*termediaries.

Machinery makers, many of them medium-sized enterprises, earned DM 10.1bn in US sales last year, np 23.6 per cent. Although the high dollar gave them a competitive edge, the basic impetus came from US companies' revived investment plans.

Many West German machinery makers were not unduly worried as the dollar began to decline, especially as they have modernised their factories and *product ranges* in recent years. But they have become increasingly anxious that the dollar decline should not go too far.

The West Germans have factors working in their favour, especially low inflation, now less than 1 per cent a year. Manu*facturing* industry is working at an average 90 per cent capacity utilisation, whicb in practical terms means virtually full capacity.

Lower oil prices will reduce costs, although the loss of income in oil-producing countries is a blow to West German process plant manufacturers hoping for orders.

The dollar fall has spurred *plans* by some West German companies to build up production capacity in the US, rather than relying on exports. Draeger, the Lubeck-based company, for *instance*, has decided to step up existing plans to expand US production of medical equipment and safety and gas detection equipment.

With the dollar low, employers have been appealing to trade unions to agree to moderate wage settlements this year to contribute to West Germany's competitiveness.

Four groups 'could take half US luxury car sales'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FOUR West German car makers could between them capture half the US market for luxury cars—those costing over $16,000 (£11,430) each—by 1990, accord*ing to London stockbrokers* Laing and Cruicksbank.

US UNIT SALES OF WEST GERMAN LUXURY CAR MANUFACTURERS (in '000s)

	1984	% of total company sales	1985	% of total company sales	1986*	% of total company sales
BMW	70.9	16.4	87.9	20.0	89.0	19.7
Daimler-Benl	79.2	16.6	85.9	16.1	92.0	15.6
Audi	71.2	19.2	74.0	18.7	76.0	18.1
Porsche	19.6	46.8	25.3	51.2	28.0	55.0

* Estimate

Source: Laing and Cruickshank

Mr Stephen Reltman, the analyst, also points out that the four — BMW, Daimler-Benz (Mercedes), Audi (part of the Volkswagen group) and Porsche —are well *cushioned* against declines in the valne of the dollar.

"They have a much greater ability to raise their prices should the need arise to protect the value of their dollar earnings than the mass-market producers," he adds in a report on the West German motor industry.

Volkswagen cars, with most of their sales in the fiercely competitive mass market, enjoy less of a cushion effect, but that company has the capability to switch some of its production to its assembly plants in the US and Brazil.

Mr Reitman recalls that in 1980, the four West German producers bad around one-fifth of the US luxury car sector hut now have nearly one-third.

Between 1983 and 1985, Mercedes increased US car sales by 22 per cent; BMW hy nearly 50 per cent, and Porsche sales almost doubled. Audi increased sales from 48,000 in 1983 to 74,000 last year.

"This advance by the foreign luxury car producers is now seen hy the major US companies as posing as great a threat as that from the Far East," suggests Mr Reltman, because the luxury sector is one of the few areas of growth.

It is likely that by 1990 luxury car sales will be almost 80 per cent up on today's figure of 1m. The luxury car producers also are able to exploit higher margins of profit.

This can be illustrated by the big difference between the price of the same models in West Germany and the US.

For example, taking the dollar at DM 2.40, the West German price of a Mercedes 190D for the 1986 model-year was DM 30,586, whereas the American price was equivalent to DM 58,320 or 40.2 per cent higher.

The major price differences have attracted the attention of parallel importers who import to the US cars intended by their manufacturers for other markets.

About 70,000 cars in this "grey market" were expected to enter the US last year against 5,500 in 1982

Mr Reitman says the US prodncers are not standing idly by and have begun to fight the Europeans wlth their own weapons—cars sourced in Europe.

GM's Cadillac division is baving the Italian design honse Pininfarina build a luxury car, the Allante, "that should prove a credible competitor to the West Germans."

Ford has begun importing German-built versions of its European Sierra to the US for sale hy its luxury car division, Lincoln Mercury, using the Merkur name.

هكذا منه للأصل

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People talk!

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"It was the speed of the system which impressed me the most... you can forget just how much work the machine is really having to do."
PCW – January 1986

There's a lot of talk about the new Apricot XEN. Experts, normally restrained in their praise, are becoming unusually enthusiastic.

Phrases like "in a league of its own" and "incredible value for money" are being used.

So why is Apricot XEN so special?

Because of its astonishing performance, for one thing. *Apricot XEN has come out on top in every test so far.* In an article measuring computer power, the Guardian *decided that something called "processor ⟶ memory bandwidth"* was the most accurate yardstick. Naturally, *Apricot XEN achieved the highest score*, even beating one of the leading minicomputer systems to the mark.

And when you look at XEN's storage capabilities, it's clear that they are just as impressive as its processing power.

XEN's disk drives have broken all the benchmark records too. So whether its the XEN FD with twin 720K floppy drives, or the XEN HD with a 20 Megabyte hard disk, a XEN won't keep you waiting.

And if, as the gentleman of the press say, the XEN floppy disks are faster than the IBM hard disk, just imagine what our hard disks can do.

But what has really caught the imagination of the computer industry is how little this powerful machine costs.

With multi-tasking Microsoft Windows as standard, a *twin floppy disk XEN FD with 512K of RAM and a monitor can cost as little as £2494*, while the XEN HD *with a 720K floppy drive, 20 Megabyte hard disk and a full 1 Megabyte of RAM is an astonishing £3494.*

When Apricot offers this kind of value, the competition will have to take a long look at their own prices – if they expect you even to glance at them.

Choosing even the basic XEN configuration can mark the beginning of a long and fruitful partnership.

The memory of an Apricot XEN can be expanded to 5 Megabytes. You can add a second 20 Megabyte hard disk. Soon, telephone and modem communications, and even an expansion box to make use of specialist IBM cards, will be available, as will a tape cartridge back-up system.*

And XEN's open architecture means it can run on Apricot Networks, and even run as a multi-user system under the Xenix operating system.

Expansion facilities like these will keep an Apricot XEN user sweet for a long time to come.

And so will the back-up. Only the top Apricot dealers and ComputerWorlds are allowed to sell XEN, so you will always have access to professional support.

To find out more fill in the coupon or call us on Freefone Apricot (via the operator) and we'll send you a free brochure.

Enough said?

The only alternative is to pay more for less

apricot *XEN*

Please send me a free information pack on the Apricot XEN. To Apricot UK Limited, FREEPOST Halesowen, West Midlands, B63 1BR.

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FT2

*Tape unit, Apricot XP IBM compatible expansion box and telephone available Spring 1986. All prices ex. VAT.

APPOINTMENTS

MR DAVID DONNE

ROBERT FLEMING & CO has appointed Mr Ian Ellison a director. He joins Flemings from the Department of Trade and Industry, where he was responsible for the Telecommunications Bill, general policy on the privatisation of British Telecom and the licensing of Mercury Communications and Racal Vodafone. At Flemings, Mr Ellison will concentrate initially on the next phases of the financing of the Channel Tunnel project.

*

Mr K. H. O'Brien will retire from the board of RUSH AND TOMKINS on May 31 on reaching normal retirement age. From June 1 control of operations of the group will be the responsibility of an executive committee under the chairmanship of Mr P. J. E. Trew. Sir Derek Palmar will continue as chairman.

*

Mr Malcolm Roberts has been appointed vice president of SALOMON BROTHERS INTERNATIONAL responsible for gilt-edged research. For the past nine years he has served as chief economist at Laing & Cruickshank and director of research for the Alexanders/Laing & Cruickshank primary gilts dealership.

*

Mr Nigel Wright, formerly of Bank of America Real Estate Group, London, has been appointed to head the property team, project finance department, at PHILLIPS & DREW, stockbrokers.

*

COMBUSTION ENGINEERING INC has appointed Mr Derek Bargh as vice president, business development for Combustion Engineering Europe Inc, based in Hayes, Middlesex. Mr Bargh is also deputy chairman of C-E's regional council for business operations in the eastern hemisphere.

*

LIN PAC PLASTICS (GB) has promoted Mr Brian Hall to managing director of Lin Pac Machinery Services. He has been general manager of Lin Pac Machinery Services since [illegible]

BUILDING CONTRACTS

Gleeson wins £15m orders

M. J. GLEESON GROUP has won contracts with a total value of nearly £15m. At Lynemouth aluminium smelter British Alcan has awarded a £1.1m contract to extend the casting building. Work is about to start with completion in February 1987. At West Burton power station the CEGB has asked Gleeson to strengthen the foundations of five cooling towers at a cost of £1.5m for completion in November. For Rochdale Borough Council, two contracts in Lower Sherriff Street worth together £1.18m to construct 11 bungalows and 39 sheltered dwellings by September and December respectively. A contract has been secured to construct two 33-bed hostels for the City of Manchester in Plymouth Grove and Downing Street, Ardwick. The work will cost £1.12m and due for completion in December.

Gleeson has been awarded a £1.5m contract by Northern Counties Housing Association to build 63 young persons flats and 12 shops on the former Royal Hospital site, Sheffield. The development, to be completed in June 1987, will be built around the Grade 2 listed Mount Zion Chapel which was left intact after demolition of the hospital. For Leeds City Council, a modernisation contract is worth £974,000 for 80 houses in Middleton Street.

*

WIMPEY CONSTRUCTION UK has been awarded contracts totalling £3.7m. A contract worth £850,000 has been awarded by Norcros Investments to build an extension, a sawmill/truss factory and timber storage areas for UBM Building Supplies, on the Threemilestone Industrial Estate, Truro, Cornwall, for completion in May. Awarded by Newman Industries, the second contract valued at £970,000, is for construction of a B & Q retail store in Station Road, Yate, Bristol, for completion in August. The third contract (worth £1.88m) is a design and build job awarded by Satan Developments No 35 to build a students' village at Bristol Polytechnic, Coldharbour Lane, Frenchay, for Avon County Council. The contract comprises 300 bedsits contained in 50 two-storey detached houses to be built of traditional brick/block. Each house will contain a communal kitchen, lounge, toilet and shower room on the ground floor, and bathroom and separate toilet on the first floor. Each unit will be fully fitted and furnished. Included will be two tutors' bungalows, a store and office. Work is due for completion in March 1987.

*

HENRY BOOT NORTHERN has been awarded a £2.3m management contract by the City of Bradford Metropolitan Council for the construction of leisure pool facilities at Victoria Park, Keighley. In the 78-week contract, due to start in May, a new swimming pool is to be provided with associated rooms, car park, entrance road and alterations to an existing building. Work has started on the construction of a new main line sewer and road improvements scheme, costing £650,000, on Pastures Road Industrial Estate, Mexborough, for the South Yorkshire County Council. Road improvement works are to be carried out on the A59 Knaresborough to York County Road at Whixley Lodge in North Yorkshire. The £530,000 project involves the realignment/widening of 1.2 km of single carriageway and the construction of 0.4 km of 7.3 metres wide carriageway. The 30-week contract is due for completion in May 1986. Trent Regional Health Authority has awarded a £250,000 contract for the construction of support service accommodation in the newly-constructed £12m Phase I of Derby City Hospital. Included in the 42-week contract is the erection of storage accommodation together with alterations and extensions to existing buildings.

*

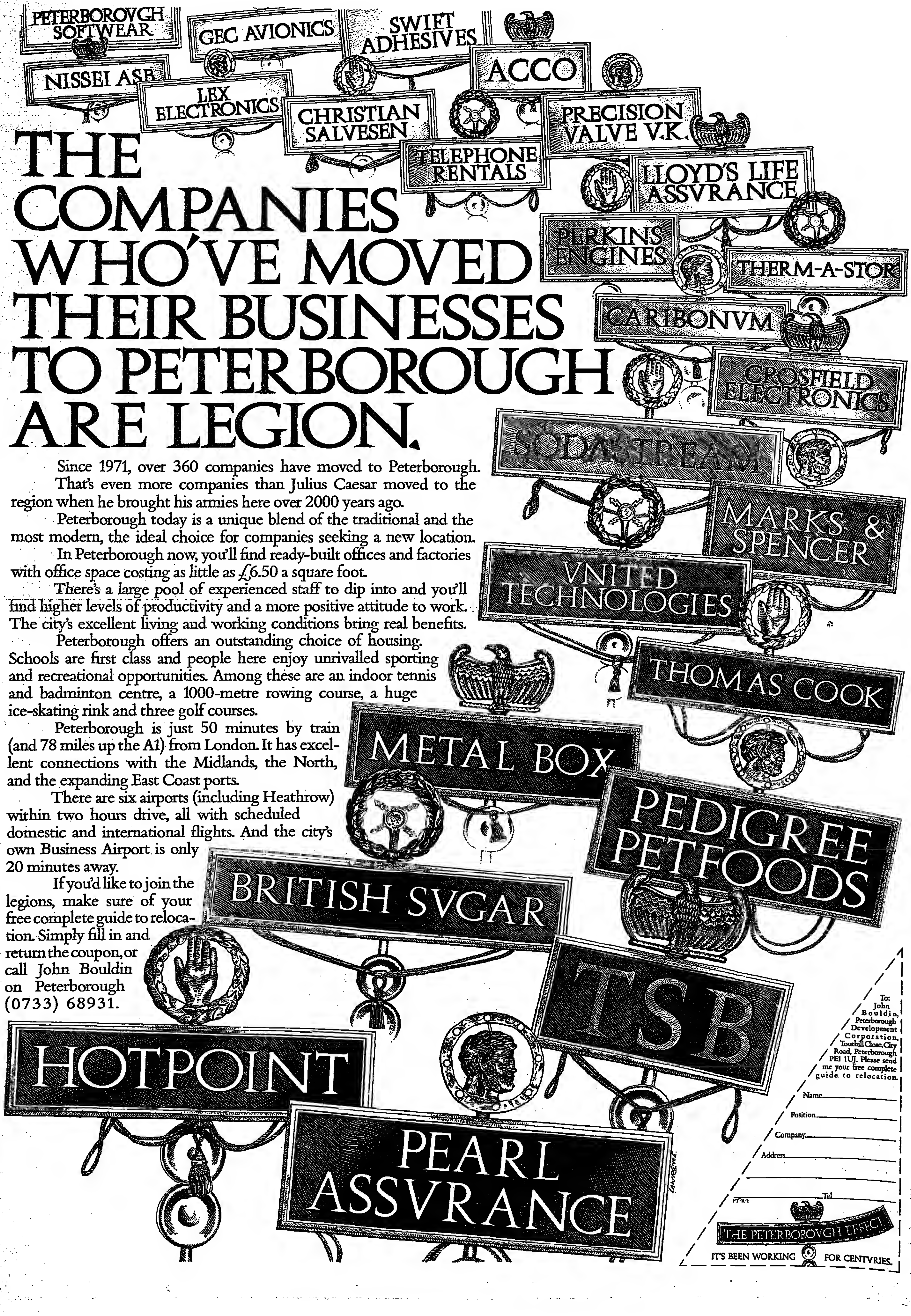
The Transport & General Workers' Union has awarded FAIRCLOUGH BUILDING'S eastern division a £1.4m contract for union offices in John Dobson Street, Newcastle upon Tyne. Fairclough's Sedgefield office has secured three contracts totalling nearly £1.25m. The largest is from Middlesbrough Borough Council, which has awarded a £790,000 contract for refurbishing the 10-storey Greenwich House block of flats.

*

TROLLOPE & COLLS has started on a £6.5m contract to upgrade Dunlop House, 19-22 St James's Street, SW1, for Guardian Assurance. With a construction programme of 65 weeks, the contract entails the partial demolition, rebuilding and refurbishing of the seven-storey building. A new lift core complex will be built and new services, including air-conditioning, and a plant room will be installed. The sixth floor is to be rebuilt to accommodate an atrium. When complete the building will provide 7,194 sq metres of office accommodation plus a wine bar in the basement.

*

OSBORNE GROUP, Chichester, has won civil engineering contracts worth £5m since the start of 1986. The largest proportion of this is made up of site preparation works for the on-shore oil industry, and includes a £2.7m contract for Amoco's Larkwhistle Farm discovery near Stockbridge. The programme involves works for the drilling and appraisal of five well sites within a 26-week schedule.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TELEPHONE RENTALS
LLOYD'S LIFE ASSVRANCE
PERKINS ENGINES
THERM-A-STOR
CARIBONVM
CROSFIELD ELECTRONICS
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THE COMPANIES WHO'VE MOVED THEIR BUSINESSES TO PETERBOROUGH ARE LEGION.
Since 1971, over 360 companies have moved to Peterborough. That's even more companies than Julius Caesar moved to the region when he brought his armies here over 2000 years ago.
Peterborough today is a unique blend of the traditional and the most modern, the ideal choice for companies seeking a new location.
In Peterborough now, you'll find ready-built offices and factories with office space costing as little as £6.50 a square foot.
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Peterborough offers an outstanding choice of housing. Schools are first class and people here enjoy unrivalled sporting and recreational opportunities. Among these are an indoor tennis and badminton centre, a 1000-metre rowing course, a huge ice-skating rink and three golf courses.
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THE PETERBOROVGH EFFECT
IT'S BEEN WORKING FOR CENTVRIES.

De La Rue to close banknote factory

By David Thomas

DE LA RUE, the world's biggest independent bank note and security printing company, is to close the banknote making plant at Saltash, Devon, previously owned by Bradbury Wilkinson, which it took over less than two weeks ago.

Closure at Saltash will lead to the loss of 387 jobs.

The print unions Sogat '82 and NGA were also told by the company yesterday that it wants to shed 94 jobs at the former Bradbury Wilkinson plant in New Malden, Surrey.

De La Rue bought Bradbury Wilkinson, its sole British rival, for £39m in cash from Bradbury's US *parent, International* Banknote, on March 5. At the time, Mr John White, De La Rue finance *director,* Bradbury's activities complemented those of De La Rue, and he did not expect further production cuts or job losses.

Mr White added that markets for notes were again *growing in* Africa, Latin America and the Middle and Far East. De La Rue said yesterday that these were statements made before it had had a chance to examine Bradbury Wilkinson's books.

"When we went inside, we found that what profit there was in the *business* was *not* in the banknotes division, so we had to act," De La Rue said.

Sogat and NGA issued a joint statement in which they said that they were pessimistic about reaching an agreement with the company. They have agreed to meet De La Rue again next week.

The unions said they would oppose the decisions, although they intend to consult with the workers affected before deciding what form the opposition will take.

They also complained that the company had broken a commitment given to both unions' general secretaries at the time of the takeover that it would meet the unions to assess the work outlook.

GROUP COMPLETES FIRST PHASE OF AIDS DRUG TEST

Surge for Wellcome shares

BY TONY JACKSON

THE SHARES of the Wellcome drug group surged again on the *London Stock Exchange yesterday* on hopes for the company's new Aids drug. The price at one point touched 238p, *almost double* the 120p at which the shares were floated six weeks ago.

An article in last *Friday's edition* of The Lancet, the UK medical journal, reported that the drug, known as AZT or BW 509, had been tested in humans for six weeks in the US without serious side effects.

Wellcome emphasised that this meant only that the drug had passed its phase 1 clinical trials, and now had to start six months of phase 2 trials to test its actual efficacy *against Aids. It would take* several years to reach commercial production, Wellcome said.

It was also stressed that the drug, which has a clear lead over other Aids treatments being worked on *around the world,* had limited commercial potential. Wellcome said: "We have been criticised in the past *for spending too much research effort* nn diseases which few people suffer from – but the fact is that not many people have Aids."

In developing the drug Wellcome is to receive financial assistance from the US Government under the "orphan drug" law, which provides *help for drugs dealing with rare* diseases.

In a separate breakthrough, Wellcome received permission earlier this month to market interferon, the anti-cancer agent, in the UK as a treatment fnr a rare blood conditinn, hairy cell leukaemia. This coincided with clearance given to Schering-Plough of the US to market its own version nf interferon in the UK for the same conditinn.

This is the first commercial use of interferon, a natural substance produced by the body in response *to* viruses, on the UK market. With the exception of Ireland, where Schering Plough has had similar clearance for almost a year, it is believed to be the first such commercial use in the world.

In developing a further natural substance, used to dissolve blood clnts, Wellcome has become engaged in a UK legal battle with Genetech, the US biotechnology firm. Both companies are working on tissue plasminogen activatnr, nr TPA, which could have enormnus potential in the treatment of heart attacks.

UK, Germany agree over Tornado work

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN and West Germany have reached agreement in principle over the repayment of a £300m imbalance *in the trinational Tornado* military aircraft *project.*

No direct cash payments will be involved but Britain has agreed to carry out extra work nn new Tornado aircraft for Germany between 1987 and 1990. This should amount to some £170m–£200m. The balance which Britain owes Germany is apparently to be waived, pending the end of the project.

The imbalance has arisen because Germany has done more work on the Tornado than Britain at differing labour, exchange and inflation rates than was nriginally *planned, under the complex* worksharing arrangements concluded in the 1970s between Britain, Germany and Italy (the third Tornadn partner).

The arrangements have been criticised on numerous occasinns by the public accounts committee, the House of Commons public spending watchdog. Mr Robert Sheldon, the committee's chairman, yesterday welcomed the news of the Anglo-*German agreement which was given* to the committee by Mr Peter Levine, Chief of Defence Procurement at the Ministry of Defence.

Mr Levine said the agreement was still dependent on its acceptance by the German *Parliament,* which had finally agreed to fund tha 40 new Tornadn aircraft.

Germany wants these primarily for reconnaissance and electronic warfare roles.

Freeze-out claim by Land Rover parties

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

POTENTIAL BIDDERS for Land Rover were last night claiming they were being frozen nut hy the UK Government and the Department nf Trade and Industry DTI whn are favnuring General Mntors (GM) of the US.

It has emerged, however, that, although a series nf discussinns – some lasting up to 20 hours – have taken place between the (DTI) and GM during the past five days, they have been aimed at finding a compromise solution which would enable GM to buy Leyland Trucks and a large part nf Land Rover from state-owned BL, while leaving some nf Land Rover in British hands.

So far nn compromise has been reached.

BL revealed that it had received a second set nf proposals for Leyland Trucks from Lancashire Enterprise, the jnb-creatinn nrganisatinn funded by Lancashire County Council.

Some details nf the recent contacts between the DTI and GM came to light because the hectic activity was interpreted by some of the other parties interested in Land Rover *as an attempt to freeze* them out nf the hidding

● A new Japanese rival to the Land Rover is being launched in the UK, with indirect help from Bedford, GM's UK commercial vehicles subsidiary.

Suzuki GB Cars, part of Mr Gerald Ronson's Heron group, plans to import up to 1,000 units a year of a four-wheel-drive pick-up, the SJ413K.

Murdoch group and print unions to meet

BY PHILIP BASSETT, LABOUR EDITOR

RENEWED negotiations are due to take place today between Mr Rupert Murdoch's News International (NI) and the print unions in the dispute over the company's new printing plant at Wapping, east London.

The talks come as Sogat '82, the largest print union, is calling for radical changes in employment law.

Today's talks – expected to be between Mr Bruce Matthews, NI's *managing director,* leaders of all five print unions and officials of the Trades Union Congress (TUC) – might be the first in which the two sides begin to approach substantive issues.

Ms Brenda Dean, Sogat's general secretary, said yesterday that last week's talks had mainly been a general *discussion, principally* renewing contact

Talks between the two sides will *at some stage have to cover* the issue of the employment nf print union members at Wapping, which the company is likely to resist.

Ms Dean yesterday launched Sogat's proposals for changes in employment law under a future Labour government. She argued that the traditional union view that the *law should be kept out of industrial* relations was now unrealistic in the light of the Wapping dispute.

In a *submission to the* TUC in advance of tomorrow's conference on future labour law, Sogat argues that its own experiences under the law in the dispute – many of its members have been dismissed without compensation and the union has been subjected to injunctions and its funds seized by the courts – "demonstrates the injustice of the current legislation" and showed that amendments to It *would be ineffective.*

Retail spending keeps up momentum

TRADE REMAINED buoyant in *shops* last month as extreme cold weather helped retail sales to better-than-expected levels, George Graham writes.

Sales volume in February edged slightly higher than in the previous *month* and reached a level 3.8 per cent higher than in February last year, the Department of Trade and Industry said yesterday. The Department'a seasonally adjusted index of sales for February is privisinnally estimated at 117.1, compared with a revised January figure of 117.0.

Retail sales volume in the three *months December to February is* estimated to have been 1 per cent higher than in the previous three *months* and more than 3 per cent higher than in the same period a year earlier. The value of retail sales in February is estimated to have been 8 per cent greater than in February 1985.

The *Government has emphasised* that consumer *spending* is nne of the main sources of economic growth in the UK this year, as export *growth is expected to slow* down. In his most recent estimates the Chancellor nf the Exchequer *forecast growth of 4 per cent in* consumer expenditure this year, compared with 2½ per cent in 1986.

☐ *SUGGESTIONS that the Government* should be prepared to postpone the flntation nf shares in British Gas, already billed as the sale of the century, were brushed aside by Mr David Hunt, Under-Secretary fnr Energy, in the Hnuse of Commons.

"I have no doubt that the future commercial success nf Britain will greatly benefit from the ownership of this company being spread amnng its employees, managers and the pension funds and individual investors," he said.

☐ THE WORLD'S merchant fleet shrunk fnr the third successive year in 1985 to 418.3m gross tonnage, bringing the total fleet back to the level of 1980 with more tonnage scrapped than completed, according to Lloyd's Register of Shipping in its annual report.

☐ BRITISH AIRWAYS ground services staff are being recommended to accept a two-year pay deal adding an overall 16 per cent to wages in return for productivity concessions.

UK NEWS

Ferry groups seek quick end to dispute

BY CHRISTOPHER PARKES IN LONDON AND IVO DAWNAY IN BRUSSELS

SEALINK, the UK ferry company, and Regie voor Maritiem Transport (RMT), its former partner on routes between Britain and Belginm, will this week try to reach a quick settlement to the dispute which has led to the British company being barred from Belgian ports since January.

Talks are due to start today involving the two companies and officials from both governments. The negotiations followed a suggestion made by Mr Nicholas Ridley, the UK Transport Secretary, during a meeting of European Community ministers in Brussels last Friday.

If a solution is not found quickly Mr Ridley could find himself obliged to carry out the threat be made last week to exclude some Belgian ships from UK harbours, cutting services to two each-way runs a day. RMT and Sealink have been asked to let him have their views and any ideas for a solution by next Monday.

The Department of Transport is concerned that the inter-company argument should not be allowed to escalate further. If it is not resolved quickly it could lead to an embarrassing clash between tha Belgian and British governments and disruption of cross-Channel car ferry services.

The dispute began last year, shortly after Sealink, the loss-making British Rail subsidiary, passed into the hands of the US group Sea Containers.

At the time Sealink and RMT ran a pooled ferry service between Dover and Ostend. The companies marketed the joint service in their respective countries. At the peak of the holiday season in July they ran 10 each-way sailings a day. The Sealink vessel St David accounted for two of these and under the agreement its owners took 17 per cent of gross joint sales.

As the deal was coming up for review at the end of last year, the new management at Sealink asked for another Britisb ship to be accommodated on the route and pressed RMT to upgrade the quality of its service.

It is understood that the UK company also wanted a 50 per cent share of the gross. The Belgians resisted, claiming that the changes would mean the loss of 1,000 jobs.

RMT's response was to sign up with Townsend Thoresen on the same basis as the old agreement, and sbut out its former partner.

Since then, Sealink has been pressing unsuccessfully for access on its own account. "Ideally we wanted to go into Ostend," the company said yesterday. "That is the best for traffic for northern Europe and West Germany in particular."

It was told, however, that there was no spare capacity at the port. It asked for access for two sailings a day through Zeebrugge and was given the same reply. "We pointed out that North Sea Ferries had some spare berth capacity, but it had no effect. That was when we began to feel unwanted," Sealink said. "Since then we have backed off and let the Department of Transport make the pace."

Belgian officials said yesterday that there was no room at Zeebrugge because of repairs to the port. There might be capacity in the inner harbour but because that involved ships passing through a lock system it was no good for car ferries which needed a rapid turnround.

They said Mr Ridley was overreacting by threatening to reduce access for Belgian lines, since there were only eight Belgian ships on the run between the two countries compared with 27 flying the British flag.

Underwriter may face extradition request

BY KEVIN BROWN

THE GOVERNMENT hopes to seek the extradition from the US of Mr Peter Dixon, the Lloyd's underwriter accused of receiving £7m from an insurance fraud, Sir Michael Havers, the Attorney General, told the House of Commons yesterday.

Sir Michael was asked by Mr Stepbeo Ross, a Liberal MP, when charges would be laid against Mr Dixon for his part in frauds alleged to have been perpetrated by an insurance syndicate run by Mr Peter Cameron-Webb.

The Attorney General said he could not speculate on the evidence being accumulated by the fraud investigation group set up by the Director of Public Prosecutions (DPP) to inquire into the PCW syndicate at the Lloyd's insurance market. But he told MPs: "I hope we shall be in a position to apply for extradition orders."

Sir Michael said the US was "very slow" in dealing with requests for extradition. "We must first have a case that will satisfy the judges in the US," he said.

Sir Peter Emery (Conservative) said there were many Conservative MPs who were concerned that the courts should be able to bring the perpetrators of finance frauds to justice as quickly as possible, particularly where the victims were small investors.

Mr Dennis Skinner (Labour) said Mr Dixon had been traced to Virginia and issued with a writ relating to a civil action. He asked, "If it is possible for the civil authorities to serve a writ on this man, who with his partner got away with £39m, why is it that a Government, the Fraud Squad and the people acting for the DPP find themselves unable to track him down and carry out what most people would regard as Britisb justice?"

Sir Michael said the degree of proof required in civil cases was different from that required in criminal proceedings. "The difficulty is tracing the funds to the ultimate beneficiary. These funds have gooe through several countries and some of the witoesses have been unhelpful."

● Lawyers authorised by the Bank of England are seeking to serve a personal bankruptcy petition in New York on Mr Mahmud Sipra.

The El Saeed group of companies, owned and run by Mr Sipra, were the largest single debtor of Johnson Matthey Bankers, owing it $70m, in September 1984 when the bank was rescued by the Bank of England.

In New York, Mr Sipra denied that any court order had been served on him but said he was aware of attempts to do so.

There is every indication that Mr Sipra intends to mount a countersuit in the US courts

Financier 'defrauded investors of $46m'

BY CLIVE WOLMAN

MR Alex Herbage, who set himself up as a financier, patron of the arts, and political and financial newsletter publisher, defrauded more than 3,000 investors of $46m, a court was told yesterday.

Mr Herbage, who owned a country house near Winchester, southern England which he converted to an arts centre, a 15,000 acre estate in Scotland and an art gallery in Cannes, is facing a three-week extradition hearing at Bow Street magistrates court, London.

His extradition is being requested by the US Government on 25 specimen charges including fraud and false accounting.

For more than three years Mr Herbage, aged 55, sent a stream of newsletters and brochures to potential investors, mainly in the US, said Mr John Spokes QC, for the US Government.

The literature claimed that his Cayman Island company, Caprimex, one of 66 companies he set up spanning several countries, had achieved consistently high profits from trading commodities and currencies.

Clients were invited to invest a minimum of $35,000 in a High Performance Commodity Account, $10,000 in a Standard Investment Account or $1,000 in a Currency Hedge Account by sending cheques via an Amsterdam-based subsidiary, Trier Investments.

Mr Herbage ensured that his operations spanned several countries to make it difficult to collect evidence against him or to bring a prosecution, Mr Spokes said. For that reason, none of his clients was in the UK.

Investors were sent regular monthly accounts which purported to show that the value of their investment was increasing steadily. By the autumn of 1984, nearly three years after moving his operations from continental Europe to Winchester, Mr Herbage claimed that his investors' assets had grown from $46m to $69m, Mr Spokes said.

But most of the money had gone into his art collection, his estates, a large budget for marketing his financial services, the arrangement of conferences and an extravagant life-style, Mr Spokes said. There was only a small amount of trading in commodities and that was generally unprofitable.

Initially Mr Herbage had been able to repay investors when they asked for their money back. But by late 1984 there was no more cash available to do so. The Dutch police raided his offices in Amsterdam and seized a lorry-load of documents, the court heard. Mr Herbage was arrested in England.

The case continues today.

Halfords to sponsor Birmingham road race

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

HALFORD'S, the Midlands-based automotive and cycle products retailer, is sponsoring Britain's first Monaco-style motor race – to be held in Birmingham in August – for more than £100,000.

The race is one of a series of initiatives by the Labour-controlled city council to reduce dependence on the area's shrinking manufacturing base. The event is expected to inject £10m into the local economy.

More than 100,000 people are expected to cram the Midlands city streets over the August 25 bank holiday to watch racing cars compete at speeds of up to 200 mph.

Mr Ian Staples, Halford's managing director, said his company's "six-figure" sponsorship would give "significant corporate visibility" at a time when it was undertaking a £50m investment in its stores. The rapidly expanding Ward White group bought Halfords from Burma Oil for £52m in 1984.

The city council said yesterday that it expected to undertake the capital investment for the 2.5 mile (4 kms) road race circuit for "significantly" less than the estimated £1.5m annual cost.

The money to widen carriageways, provide catch fences and amenities, will be found from within the council's capital allocations and financed by a loan over five years.

On pessimistic assumptions, the venture is projected to break even at worst.

The estimated annual cost, necessary to repay the debt, erect grandstands and finance facilities and emergency services, should he more than met by sponsorship, franchise sales, admission charges and television rights.

Halford's sponsorship was arranged by CSS Promotions, the London-based sports marketing consultancy, which is also charged with generating private sector support for Birmingham's efforts to stage the 1992 Olympic Games.

Mr Steve Herrick, CSS sales director, said he was confident that the target £750,000 would be raised by October 17 when the International Olympic Committee makes its final decision.

Companies had already pledged nearly £200,000 in sums ranging from £25 to £60,000. By the end of this month the total would be raised to nearly £500,000.

Mr Herrick said details of support from "two more major British companies" would soon be announced.

Linked with Birmingham's efforts to market itself internationally are plans to build a £120m convention centre.

Funds have already been pledged from the European Commission and work is under way on a site close to the city centre.

UK NEWS

Planning consent for Telegraph site

By Michael Cassell

THE CITY of London Corporatioo has granted full planning permission for a £100m office development on the site of the *Daily Telegraph* building in London's Fleet Street.

The corporation has approved two proposals for the site. A high rise development incorporating 250,000 sq ft of office space in a 285 ft high tower looks the most likely to go ahead. The alternative scheme is for a low-rise building offering a similar amount of floorspace.

The development is likely to be the first of several major projects to be undertaken in and around the Fleet Street area, after decisions by many printing houses to scale down or relocate their operations.

Planning consent for the Telegraph site has been given to Rothesay Developments, which purchased the newspaper's offices and adjoining printing works in 1984. The Telegraph has leased back its existing offices, which are to be retained, along the Fleet Street frontage.

Building work is expected to begin in 1987, when the Telegraph relocates its printing operations to the Isle of Dogs in London's docklands.

Mr Greville Mitchell, chairman of Rothesay Group, said yesterday that the project was being funded internally by Rothesay, through Southeast Bank of Miami, which also provided the finance for the site purchase.

Lawson anxious to take more low-paid out of taxation net

BY ROBIN PAULEY

THE SPOTLIGHT today falls on Britain's poor. The budget is expected to emphasise the need to help unemployed and poor families, while a Conservative move will be made to protect children in poverty under social security reforms. In addition, a report will show that 8m people in the UK earn less than the Council of Europe's "decency" threshold of wages.

Mr Nigel Lawson, Chancellor of the Exchequer, is know to be anxious, within the limited room for manoeuvre open to him, to take more of the lowest paid out of tax and reduce the average rate of tax paid by others.

During the committee stage of the Social Security Bill this morning Sir Brandon Rhys Williams, the Tory MP, is expected to oppose the Government by moving an amendment that would make the new Family Premium payable to the caring parent, usually the mother, rather than through the pay packet of the main earner, usually the father.

The present plan is to replace Family Income Supplement, which is payable by the Department of Health and Social Security (DHSS) to the mother, with a Family Premium in 1988. This will be paid in the pay packet by the employer who will be reimbursed by the DHSS. It has been presented by the Government as a first step towards integrating the taxation and benefits systems although it in fact merely represents a transfer of administrative responsibility from the DHSS to the employer without involving the Inland Revenue.

Objections to this plan are rising, and attracting considerable Tory support. They include the further worsening of the imbalance of women's incomes against men's, the reduced likelihood of the premium cash going on expenditure directly related to poor family's needs and the fact that extra administation might further discourage very small employers from employing women with children.

Sir Brandon's amendment has only a slim chance of success as the Social Security Bill's standing committee is more than usually packed with MPs mandated to vote for the Government. Nevertheless, a growing number of Tory backbench MPs have started expressing concern about the Family Premium arrangements.

An analysis by the Child Poverty Action Group and the Low Pay Unit shows that more than 3m British children are being brought up in poverty, or on its margins, and about 1m of them are living in intense poverty.

"The low paid are now receiving a wage that is lower, compared to the average, than at any time in the past 100 years. One third of all those in poverty live in families where someone works full time, the group says.

Trial scheme copies meister system

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

PIONEERING attempts to introduce craftsmen-managers oo the lines of the West German *meister* system into British industry are being made in the toolmaking sector.

Initial reaction to two pilot courses is encouraging. The approach may eventually give a range of industries a much needed method of producing more highly qualified shopfloor managers and foremen.

The master craftsman *meister*, who blends craft skill with managerial expertise as a result of thorough training, occupies an important place in German industry. A National Ecooomic Development Office (Nedo) comparisoo concluded that the *meister* system was one of the main reasons why German gauge and tool companies were about 25 per cent more efficient than British ones.

This has led to an attempt to reproduce *meister*-style training through a new course for shopfloor managers in British companies and toolrooms manufacturing gauges and tooling.

Two initial courses have been launched at Buckinghamshire College of Higher Education and Henley College and Midland Group Training Services in Coventry. About 30 trainees, aged between 25 and 50, are involved.

To help to make the course more appealing to companies which find it difficult to release key employees, the college activity is limited to one day a week. Other work is carried out oo the employer's premises, partly in the trainee's own time.

Candidates have to complete a combinatioo of written examinations, practical activity and a project requiring about 200 hours of work. Completioo of the entire course involves 900 hours of work over 2½ years.

Backing is by the Nedo gauge and tool sector working party, unions in the industry and the Manpower Services Commission.

Rich must contribute more, says Hattersley

By Ivor Owen

THE BY-ELECTION campaign at Fulham, in west London, warmed up yesterday with the cootestants seizing on today's budget and law and order as the main issues.

Mr Roy Hattersley, Labour's Treasury spokesman, made clear that his party's programme to help the less well off would not just be financed by an increase in income tax on the top 5 per cent of earners. There was a variety of other ways in which the rich could make e larger contribution, be said.

Mr Hattersley indicated that Labour was looking at the possibility of some sort of replacement for the investment incomes surcharge and increases in capital gains and capital transfer tax.

Labour would achieve its aims by "redistributing the wealth of the very rich to the very poor."

The Social Democratic Party (SDP) Liberal Alliance candidate, Mr Roger Liddle hacked up by Mr Ian Wrigglesworth, SDP economic spokesman, dismissed Labour's budget proposals as "pie in the sky" and challenged Mr Hattersley to have them costed through a computer model. He put forward an Alliance plan, which be said had been carefully costed, to create 120,000 jobs in London over three years.

Mr Norman Tebbit, the Tory Party chairman, in characteristic aggressive mood, accused Labour leader Mr Neil Kinnock of presiding over a party that was "a seething mass of people showing little respect for the law."

He cited e weekend demonstratioo in London by the print unions and the activities of Labour councillors on the left to back up his allegations.

Mr Hattersley said Labour would increase child benefit by £3 a week at an annual cost of £1.2bn and increase single pensions by £5 a week and married pensions by £8 a week, costing £2bn a year. Although this would be financed by raising revenue from the richest 5 per cent of the population, it would not be done merely by reimposing the old rates on highest tax payers.

The cootest in the marginal west London constituency has been caused by the death of the Conservative MP Mr Martin Stevens, who held the seat at the last general election with a majority of 4,789.

Fowler stresses need for personal pensions

BY ERIC SHORT

MR NORMAN FOWLER, the Social Services Secretary, yesterday announced the formation of a small group to advise him oo the practical aspects of marketing personal pensions, including consumer protection.

He told delegates on the first day of the annual Financial Times pensions conference – Pensions in 1986 – held in London, that the introduction of personal pensions available to all employees was a crucial part of the Government's pension reforms.

He considered the key issue in tha successful development of personal pensions would be to strike the right balance between regulatory protection of employees and effective competition between pension providers.

Mr Fowler considered that it would be necessary to take full account of practical experience to enable ministers to achieve this balance in reaching their decisions.

The new group would provide that practical guidance, on top of tha working links that were being made by his department with the established bodies in investor protection and pensions supervision – the Securities and Investment Board and the Occupational Pensions Board.

Mr Fowler pointed out that the aim of the Government in the Social Security Bill was to give more people the best possible pension opportunities for the future. He emphasised that it was oecessary to keep the arrangements as simple as possible and to provide positive encouragement to employers and employees to make their own pension provision and lessen their reliance on the state.

The Secretary of State attacked the many critics of the Government's proposed 2 per ceot extra contribution payable for five years to all employees taking out personal pensions and to all new contracted-out company schemes.

He rejected arguments thet the extra contribution represented e subsidy from good employers, who had already provided pension schemes for employees, to bad ones who so far had done nothing. He said that this was e short-sighted view.

Mr Fowler accused those complaining against the incentive as being opposed in principle to the introduction of personal pensions and the ending of compulsory membership of company pension schemes.

He urged those responsible for occupational pension schemes to respond to the new competitive environment by promoting the considerable benefits that company schemes could offer. He rejected as ludicrous the accusations that the Government was endeavouring to "bribe" employees out of company schemes.

Mr Tom Heyes, vice president of the National Associetioo of Pension Funds, in giving an industry assessment of the Governmeot's pension proposals, specifically referred to the 2 per cent extra contribution as a bribe. He explained in detail why the pension movement was opposed to this proposal.

FINANCIAL TIMES CONFERENCE

Pensions in 1986

The industry, he said, in general appleuded many aspects of the bill, including the Government's decision to retain the state earnings-related pension scheme and to simplify contracted-out requirements. But he emphasised that the extra coo-tributioo proposal "stuck in the gullet."

Consultant actuaries had estimated the cost of paying the extra contribution to be at least £1bn. In Mr Heyes' opinion, this would be a cost that would be unjust not only to existing pension scbemes but to taxpayers as e whole.

Mr Heyes highlighted the necessity for employers to be adequately protected wheo being sold personal pensions. He emphasised it was essential for the Government to define clearly how the requirements of the Social Security Bill would interact with those of the Financial Services Bill and to define clearly the status of the Occupational Pensions Board with the Securities and Investments Board.

Mr Derek Fellows, chief actuary of the Prudential Corporation, told delegates that the Governmeot's proposals represented a serious disturbance to the established, though delicately poised, balance between state and private sector provision and there were many difficulties that remained to be solved.

He criticised the Government's proposed flat rebate for all pension arrangements cootracting-out of the state earnings-releted pensions scheme, which Mr Fowler had defended oo grounds of simplicity. This would, be claimed, distort the whole financial framework governing occupetiooal pension scbemes by being too geoerous to younger employees and insufficieot to older ones.

Mr Fellows urged the Government seriously to reconsider this aspect of the prosposals.

He discussed other implications of the bill, including the introduction of unisex annuity rates and the controls on advising employees of their pensioo choices under the new framework.

Mr Dryden Gilling-Smith, managing director, EBS (Management), felt that the proposals represented a start to the freeing of the pensions industry from the straitjacket of controls. But he was critical of the way in whicb the Government was going about it, in particular its promotion of the money-purchase style of pensioo arrangement.

Lord Harris of High Cross, director general of the Institute of Ecooomic Affairs, said that there should be e balanced radical reactionary approacb, explaining how these two opposites could be reconciled in a framework of individual choice and responsibility.

He expressed his preference for funded scheme approacb and the need to phase out special tax privileges for pensions. He warned delegates that the present proposals would be by no means the last word on pensions reform.

Mr Edgar Palamountain, chairman of the Wider Share Ownership Council, geve e guarded welcome to the proposals as a move in the right direction towards furthering the objective of spreading personal shareholdings eway from the institutional investmeot holdings as represeoted by the pension funds.

Mr Maurice Oldfield, group pensions executive of Allied Lyons, attacked the Lord Chancellor's proposals for the reform of pensioo rights for divorced persons as being so impractical that no one in their right minds would try to eobrace it into law.

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THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Borrowed time produces growth

William Dawkins on QSP's novel business links

CAPITAL INTENSIVE businesses are always difficult to get started because of the high initial investment required.

Yet there are ways of getting round this problem, as shown by Quality Software Products (QSP), a UK producer of packaged software based in Nowcastle upon Tyne in the north east. QSP was not doterred by the impossibility of affording a mainframe computer. Instead, it borrowed its customers' machines.

Although this practice is not unusual among small software ventures, QSP's experiences provide an insight into the special problems this approach imposes on fast growing companies.

QSP makes programs that enable workstations to update various kinds of accounting information on a central mainframe as and when they like—or in real time. Its immediate competitors' systems have to interrupt the central computor to update information in batches, which means that workstations could be using data which is several hours out of date.

Most start-up companies could not afford to develop such a product because it can only be created on a mainframe computer, which costs at least £250,000. When QSP started lifo five years ago, it persuaded customers to let it use their mainframes in part payment for QSP software.

Despite some horrendous practical problems, like having to work at night when customers were not using their computers, the approach has paid off handsomely. QSP's turnover has tripled over the past four years to an estimated £1.6m for tho current 12 months te March. In the process, the group has become, according to the National Computing Centre, e technical UK leader in real time financial detabaso systems both for mainframes and minicomputers.

By bartoring its own software packages for customers' mainframe computer time, QSP and its 45 staff have been eblo to compete successfully against much larger and richer software suppliers liko Manegement Sciences of Amorica (MSA) and McCormack & Dodge of the US.

Yet QSP, the brainchild of Alan Mordain, a sometimes outspoken 42-year-old Geordie, has found that borrowing other people's services can havo serious drawbacks beyond a certain point. That is why QSP raised £400,0000 for its own mainframe among other developments last spring by selling 30 per cent of its equity to Advent, the London venture capital group.

Until five years ago, Mordain was UK goneral manager for Assyst, a Dutch software supplier for which be had set up a British operation. He wae keen fer Assyst to start producing its own packages, but tho Dutch group preforred to stick to consultancy and selling others' products. "I felt I was getting nowbere," recalls Mordain.

Few industries can be as rifo with inter-company defections as software, so Mordain had little difficulty in persueding five of Assyst's UK team of 50 to join him. Together, they put up £22,500, just over half of which came from Mordain—enough to get them started in a hreezeblock and corrugated iron shed in Washington, Co Durham.

The plan was to operato as a general software consultancy, using consultancy income to finance product development until the company could eventually switch to selling its own packages, e strategy which has permitted several softwere groups to grow with very little outside financial help.

For QSP, that was just as well, because raising outside finance—a £10.000 overdraft from Barclays Bank and a joh creation grant from the Department of Trade and Industry—proved to be a frustrating battle. "For a long time, the bank would not lend unless I had DTI backing. But the DTI would not back me unless I had bank support—and clionts would not even give me a hearing without either," says Mordain.

Eventually, however, he did get a sympathetic hearing from Patons & Baldwins, the Darlington-based subsidiary of tho Coats Patons textile group, and a former Assyst client, which hired QSP to change its eccounting systems from batch to real time and offered access to its mainframe into the bargain.

By day, the team worked on general consultancy assignments in Washington, moving over to Darlington at evenings and weekends for the Patons job. "On many nights we weren't beck from Darlington until 2 am. It put a tremendous strain on us all," says Mordain.

By the end of the first year's trading, QSP had made just three product sales and turned in e £28,000 loss on turnover of £559,000. "The bank was getting very nervous. If they hed had their wey, I would hove forgotten abont new product development long ago and just concentrated on consultancy," claims Mordain.

But on the strength of the credibility gained from the Patons contract and a greot deal of door-stepping by Mordain, other orders soon followed from large customers like International Paint, Mercedes Benz, Formica and Dunlop Industrial, among others.

At first Patons—and later International Paint — were delighted to let QSP loose on their mainframes because the products ended up more closely tailored to their needs than would be the case if they were developed outside.

But as QSP grew, those relationships became too close for comfort. The two large companies began to get resentful whon QSP started using their mainframes to develop or copy packages for sale to other people. "After a while, their data processing managers told us: 'You can't go on using more of our computer time than wo are'," recalls Mordain.

Moreover, QSP's staff were finding that taking software copies — 21 in 1984 — from customers' mainframos was getting time-consuming and demotivating. "We had to send people on a 150-mile round trip just to sit around and wait until the user was prepared to lot them onto tho computer. Wo just had to have our own machine," eays Mordain.

The Advent injection (QSP received offers from four vonture capitalists) also enabled the company to movo to smarter offices in Newcastle upon Tyne, more calculated to inspire confidence in customers. Advent also helped QSP win a contract for a sales ledgor package for British Airways hoadquarters at Heathrow when one of its directors, Neil Pearce, joined the QSP sales presentation team. Although Pearce did not take an active part in QSP's sales pitch, Mordain believes "his presence certainly had a good effect".

QSP is now considering whether to make a hid for Continental European markots—its packages need very few changes to cope with foreign languages—or to aim for an Unlistod Securities Market quotation in the next two years. Mordain feels that it would be impossible to do both at once, since the investment needed for a European push would hit profits, expected to reach £100,000 pre-tax this year, and considerably stretch his management.

While QSP is now on a more secure footing, the risks have not yet been fully contained. Before Advent's arrival, Mordain admits: "I was constantly looking over my shoulder at MSA and the others. If I could do it on a shoestring, what could they do with their buge financial resource?" Raising venture capital might havo reduced the gap between QSP and its largest competitors —but not closed it.

Alan Mordain: used customers' computers

Midland puts its customers in order

VERY FEW small businesses have a clear idea of what their production costs are.

As a result, they tend to rely on gut feel for what the market will bear when determining pricing. That is one of the main conclusions of a report on small business management deficiencies which Midland Bank will be sending within the next month or so to its 2,000 branch managers.

The report is extracted from analyses of 400 companies with annual turnovers ranging from £200,000 to £5m carried out over the past two and a half years by the bank's Business Advisory Service (BAS). It is designed to point branch managers to subjects on which small business customers are likely to need the most advice, but also provides a revealing insight into the amount of guesswork involved in small business management.

BAS consultants prodnce free 20- to 40-page reports for Midland customers deemed to have growth potential, advising them on how to put their houses in order. Formalised costing systems represent the most common stumbling block for managers, with 88 per cent of the samplo confessing that littlo or no ettention was paid to that subject in their ventures.

Just over three quarters of BAS clients had ignored management accounting, while financial forecasting, time management, analysis of debtors and creditors and stock control were also low on their list of priorities. In all, the BAS identifies 11 management issues which received scant attention from more than half of its business clionts.

Stuart White, manager of the Midland'e small business unit, admits to being surprised et the high percentage of businesses short of basic management information. It is difficult, he points out, to be sure axactly where individual deficiencies lie because they will tend to be linked. "One could argue, for instance, that akills in marketing might well be affected by not getting pricing right," says White.

Business skills in which Midland's customers appear strong include awareness of professional image, supplier relations, storage and wastage control, safety and export information. Less than a quarter of BAS clients had omitted to pay attention to those areas.

WD

Venture capital

Investors becoming choosy

William Dawkins reports that high risk is now unfashionable

THE HIGH risk end of venture capital has gone ont of fashion with investors if the pattern of fund raising so far this year is anything to go by.

Brown Goldie this week becomes the second fund management group to launch an unquoted institutional fund in 1986—and like the first one, Phillips & Drew Development Capital, it is aiming firmly at tho top end of the small company scale.

"People are becoming much more selective. Two to three years ago, it was all venture capital; now investors understand that it is sensible to get more of a spread," says Peter Goldie, one of Brown Goldie's two founders, who ie looking for between £5m and £10m to invest in well established private companies.

This is Brown Goldie's second call on the market since its foundation in 1983. Its first fund, Colonnade Development Capital, raised £4.25m two years ago, of which £2.8m is invested in seven companies. Brown Goldie estimates that they show an impressive compound rate of return of more than 90 per cent annually. Valuing unquoted businesses can be subjective; but the group has independent assessments — through takeover approaches, sponsors' flotation estimates and one refinancing—of all bnt one of its investments, which is accordingly in the books at cost.

Goldie promises two flotations from the Colonnade portfolie within the next few months: Monotype Corporation, a maker of laser phototypesetters (for Today and the Daily Telegraph among others), which is heading for the Unlisted Securities Market, and Westbury Homes, the bousebuilding management buy-out shortly dne for a full flotation.

The new fund, Brown Goldie Development Capital, takes a tip from Phillips & Drew by adopting a partnership structure, an increasingly popular practice among British venture capitalists. The advantage ie that the fund itself pays no tax, so that each investor is taxed as if he were investing independently. A eonventional fund is taxed directly on income and disposals, which might not suit all investors, especially those with tax exempt status.

Partnerships are the norm among US venture capital groups, but havo taken longer to catch on in the UK because it was not until recently that fund managers have found ways round certain technical restrictions on the ability of pension funds to join partnerships.

Colonnade investors have already put up £5m for tho new fund which will be looking for unqooted UK companies with taxable profits of about £200,000 in any industry. It will, however, avoid participating in some of the larger management buy-outs, where Goldie believes prices are getting too high.

"Some of these management teams are competing against industry buyers trying to bid against them. To afford a higher price, they end up putting an unacceptably high level of gearing into the company," he says, echoing an anxiety which is being increesingly felt by many development capitaliets.

In brief . . .

THE availability of small business finance has grown impressively ever the past five years, but less progress has been made in providing capital for start-up ventures, complains the National Economic Development Council.

"Smaller companies face both higher borrowing rates and fees that are larger in relation to the small sums raised," says the NEDC's committee on finance and industry in its latest report, External Capital for Small Firms.

This could either be because providers of finance exploit "their greater market power and expertise relative to the typical small business," or because investors and lenders are "unduly cautious," speculates the report. A lack of appreciatian by small business managers et new sources of finance could also be part of tho problem, it says.

Nevertheless, the report points out that the so-called "equity gap" below which small businesses find it hard to raise finance has narrowed significantly in recent years. The 1971 Bolton Report identified an equity gap below £250,000, which is about £1m at today's prices. The average 3i investment in 1984-85 was £284,000, but there are still difficulties in raising less than £100,000 says the NEDC.

The report calls on the Government to place a limit on the amount that companies can raise under the Business Expansion Scheme and to end the present uncertainty over the future of the Loan Guarantee Scheme — two government measures which will undoubtedly receive attention in today's Budget.

In addition, the NEDC suggests that school leavers should receive business introduction courses in their final year and that the Government's Small Firms' Service should be further co-ordinated with Enterprise Agencies as sources of advice for entrepreneurs.

External Capital for Small Firms: a review of recent developments — £3.50 from NEDO Books, Millbank Tower, Millbank, London SW1P 4QX.

•

SPENDING DECISIONS made between now and the end of the tax year could have a big impact on small businesses' end of year tax bills.

UK Taxation of the Family Company, the latest free booklet from accountants Arthur Andersen, draws attention to several ways in which managers can improve their tax position ever the next few weeks.

Family companies should, for instance, make full use of annual capital transfer and capital gains tax exemptions for April 5, while payments to directors before the end of tho tax year could save on National Insurance contributions. Copies are evailable from the Publications Department, Arthur Andersen and Company, 1 Surrey Street. WC2R 2PS.

Meanwhile, accountants Price Waterhouse have updated their guide UK Tax Planning to incorporate tax planning ideas following the 1985 Finance Act. Copies are free from Price Waterhouse ot Southwark Towers, 32 London Bridge Street, London SE1 9SY.

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TECHNOLOGY

Major attack by ICI on agricultural seeds market

Genetic engineering will play key role, reports Stephanie Yanchinski

ICI IS launching a major move into the agricultural seeds business, with the help of biotechnology.

Dr Alan Hayes, chairman of ICI's Plant Protection Division, and head of the company's new International Seeds Business, says the group plans to spend £17m on advanced research facilities in the UK and the US. Research spending will rise to £10m a year, and with the recruitment of 100 extra staff, this new money will lay the foundations of ICI's programme in agricultural genetic engineering for the next 20 years.

In 1985 ICI acquired Garst Seed Company, a leading commercial seeds operation based in Iowa, and specialising in maize. This is only the first of other planned acquisitions, mainly in Europe, which ICI believes will form the basis for the development of an international seeds business.

ICI heads the list of contenders—which includes arch rivals Ciba Geigy and Shell—for a takeover of the National Seeds Development Organisation, and other parts of the UK Plant Breeding Institute, destined to be sold off later this year.

Although ICI's conventional plant protection business has continued to prosper, with turnover last year up 13 per cent to £715m, the pesticides business overall is looking less attractive, and is prompting agrochemical companies to look elsewhere for future expansion. There is increasing competition for the few new opportunities in the pesticide business. At the same time, satisfying complex regulatory requirements eats up 60 per cent of product development costs, currently estimated at between £20m and £40m.

ICI's initiative coincides with a general strengthening of commercial exploitation of Britain's considerable expertise in fundamental plant genetics. Next month, the Department of Trade and Industry (DTI) is expected to announce a major programme of collaborative research between industry, and British research institutions, to speed up the development of "tools" for the genetic engineering of plants.

The research "club" will be jointly financed by nine companies, as yet unannounced, and the DTI's biotechnology unit.

It will involve research teams at the University of Durham, Warwick University and several units sponsored by Government research councils. One of the topics of interest will focus on plant "vectorology" — the genetic vehicles or "vectors" by which foreign genes can be transferred into plant cells.

Dr Hayes sees biotechnology offering special advantages over conventional breeding techniques in three areas.

He thinks conventional breeding can be speeded up using well-proven biotechnological techniques, such as tissue culture, or anther culture. Here just a few cells of a plant are induced to grow into a mature plantlet under artificial conditions in the laboratory. Protoplast fusion, where two plant cells are stripped of their outer walls, and induced to fuse, could also provide a quick route to new hybrid varieties, now laboriously bred by hand in open fields.

Secondly, he believes gene probes — short sequences of DNA (the basic chemical of heredity) — will find ready applications in the detection of disease-causing viruses, and for "fingerprinting" valuable plant material, to prevent property infringements.

Finally, he says, genetic engineering offers the chance to cross genetic barriers, and breed remotely related species which would not happen in Nature. Genetic engineering involves moving genes from one species to another, using special vehicles called "vectors."

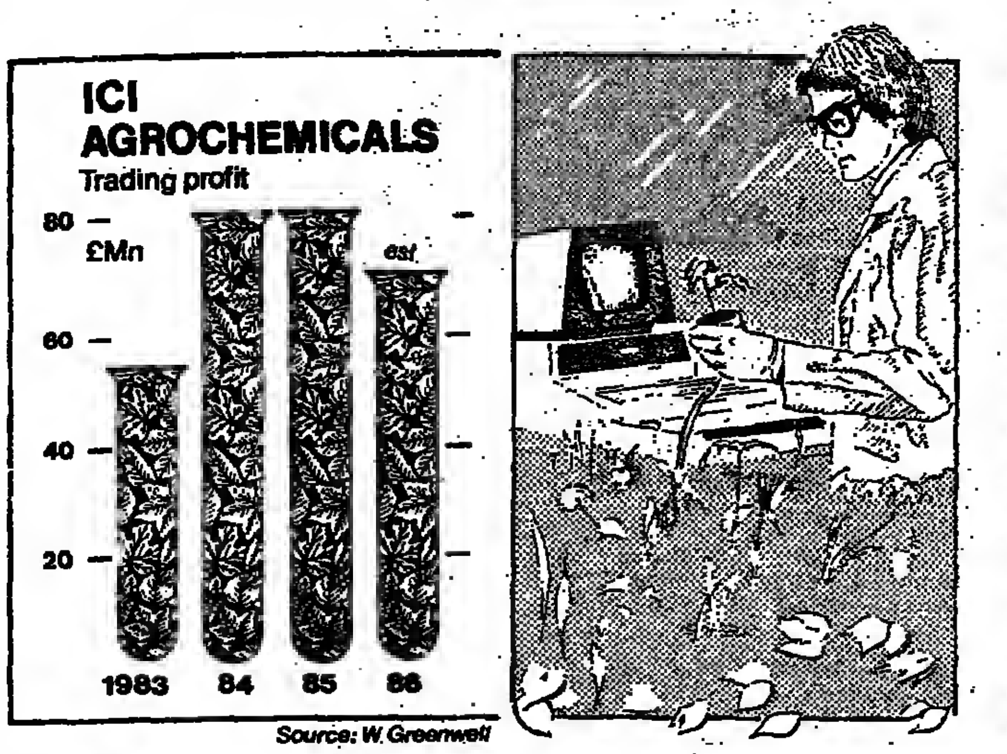
The major seed markets are in the US and Western Europe. ICI will focus its research on breeding new varieties of maize, for example, which can survive extremes of temperature and thrive in poor-quality soils.

More ambitious goals include improving nutritional quality and even engineering a corn which would dry faster in the field.

Other target crops embrace those of interest to European farmers, such as sugar beet and oil seed rape, as well as aiming at the American market with new varieties of soya, sunflowers and vegetables.

ICI faces stiff competition from other agrochemical rivals anxious to diversify into seeds. Shell UK claims to have already perfected an anther culture method for breeding hybrid barley. This is showing "good" results, while Monsanto, the US chemicals giant, is well on the way to a herbicide resistant soyabean, another of ICI's goals.

During the past decade, ICI's record of innovation in the agrochemical business has been impressive. On average it has invented at least one active ingredient each year. By 1984 it had pulled itself up from 10th to 5th place in the rankings of world agrochemical companies.



Source: W. Greenwell

Battle lines drawn over standard for high definition TV

Video & Film

BY JOHN CHITTOCK

MOST people with a spattering of knowledge about television know that the world is not just divided into East and West, Jews, Moslems and Christians or socialists, republicans and nationalists. It is also divided into NTSC, SECAM and PAL—the three incompatible technical standards used by TV broadcasters around the world, with NTSC mostly a North American and Japanese standard, SECAM peculiar to the French and Eastern Europe and PAL common in the rest of Europe and some other countries.

The technical division has been, in the past, the cause of political rivalry and a continuing nuisance to engineers, manufacturers and producers. It has even led one wag — recognising the technical shortcomings of NTSC and the common sense of PAL — to claim that the initials did not really stand for the names of committees or technical descriptions. Nay, NTSC means "never twice the same colour" (it was notorious for drifting), SECAM for "system extraordinaire contrary to the Americans" and PAL for "peace at last."

However, the peace has been short lived. The political pressure is building up again, with a clamour for high definition television (HDTV) to be adopted as a future world standard. Although there is not much dissention over the quality benefits of HDTV, the real battle is over the need for HDTV and its precise technical specifications.

High definition television use more lines — possibly 1125 against for example the 625 used by PAL or 525 of NTSC. This provides sharper pictures with greater resolution of detail; other technical benefits include the elimination of some picture defects and higher fi sound. The aim in the longer term is to provide broadcast TV pictures in the living room that — when viewed from a typical distance of about seven feet — provide an experience similar to the cinema.

This "experience" entails definition as sharp as cinema pictures, a wider TV screen format to yield an angle of view — at seven feet — similar to a large cinema screen and a degree of picture steadiness which sprocketed film cannot match.

At this point, one of the technical disputes creeps in. The HDTV protagonists claim that productions shot on videotape using this new standard are at least comparable in quality — if not better — than 35mm film. Although theoretically 35mm film should have a higher resolving power, the HDTV suporters say that by the time 35mm film is projected on to a cinema screen its definition is degraded by unsteadiness or weave (due to necessary tolerances in sprocket wheels and film perferations).

The HDTV lobby also claims that for television production, despite the higher cost of the equipment, it remains cheaper than using 35mm film—which is currently preferred for glossy productions such as *Dallas*. Indeed, a detailed budget prepared by CBS for a one-hour drama shot on 35mm and on HDTV claims that the latter will still save more than 15 per cent on total costs—despite higher equipment charges and the use of an extra crew member as focus puller (to ensure more precise focusing, critical in HDTV).

The real politics begin, however, with the battle over the choice of an HDTV production standard. At the centre of the disagreement is the joint US/Japanese proposal for 1,125 lines operating on a 60Hz, frequency supply. Since Japan and the US have a domestic electricity supply of 60Hz, and the UK and Western Europe employ 50Hz, this is one of a number of important issues to be discussed this May when an international committee (the CCIR) meets in an attempt to agree a world standard.

The NTSC parts of the globe naturally want 60Hz as the new standard—well they would say that wouldn't they? They also have some rather neat technical rationalisations for their case—such as absence of flicker (Americans visiting London often find PAL at 50Hz irritating because the framing rate is on the edge of acceptability for those who look hard enough). They also argue, perhaps rather puritanically, that movement reproduction is smoother at the faster picture rate used on 60Hz systems (for example 30 pictures per second against the 25 for PAL countries).

It hardly comes as a surprise, in the wake of such debate, to also learn that the prestigious Society of Motion Picture and Television Engineers in the US is also examining proposals for a change to the 24 frames per second standard universal in the commercial cinema (worldwide a unique example of technical harmony). Similar benefits are claimed for 30 fps in the cinema — for instance, greater movement fidelity, no flicker. But equally important and politically shrewd is the compatibility that a new 30 fps film standard would have with any 60 Hz television standard.

But PAL and SECAM countries would then need to reprint 30 fps films down to 25 fps for compatibility with their 50 Hz standard — a standard which would still prevail at the receiver end in Britain and elsewhere unless mains supplies were changed. And HDTV videotape, if shot on the 60 Hz standard, would also need conversion for transmission in PAL countries.

Behind the proposed 1125 line, 60 Hz HDTV standards are CBS, Sony and Japanese TV broadcaster NHK—all of whom have worked for many years on developing what everyone concedes is an excellent system. If agreement is not reached on this standard, there is a fear that the world will have three standards for HDTV in the next 25 years—a rerun of the NTSC, PAL, SECAM confusion.

PAL can still offer some peace at last through proposals from the IBA (Independent Broadcasting Authority) and others for an enhanced version of PAL which — many claim — yields adequate quality improvements without the same compatibility problems or huge re-engineering costs.

At stake in this battle could be large export orders for manufacturers — and a direct challenge to the traditional experience of the cinema. But perhaps even more relevant is who decides — the engineers; the politicians; or the consumer, of whom nobody seems to have asked the question "do you want cinema-quality pictures in your living room?"

Multi-user boost to US microcomputer industry

BY ALAN CANE

A PHOENIX in the shape of multi-user computing seems to be rising from the ashes of the US microcomputer industry. Many believe that the dramatic retrenchment in the US industry is a direct result of technological immaturity in multi-user systems, where a number of individual work stations are connected to the same processing unit.

The customer was ready to pass messages and share files; the technology was not up to the task.

Now, however, the Unix operating system and the Motorola 68000 and Intel 80286 processors are emerging as the technical standards.

According to Input, the California-based consutancy, the multi-user segment of microprocessor market in the US is 400,000 installed units or seven per cent.

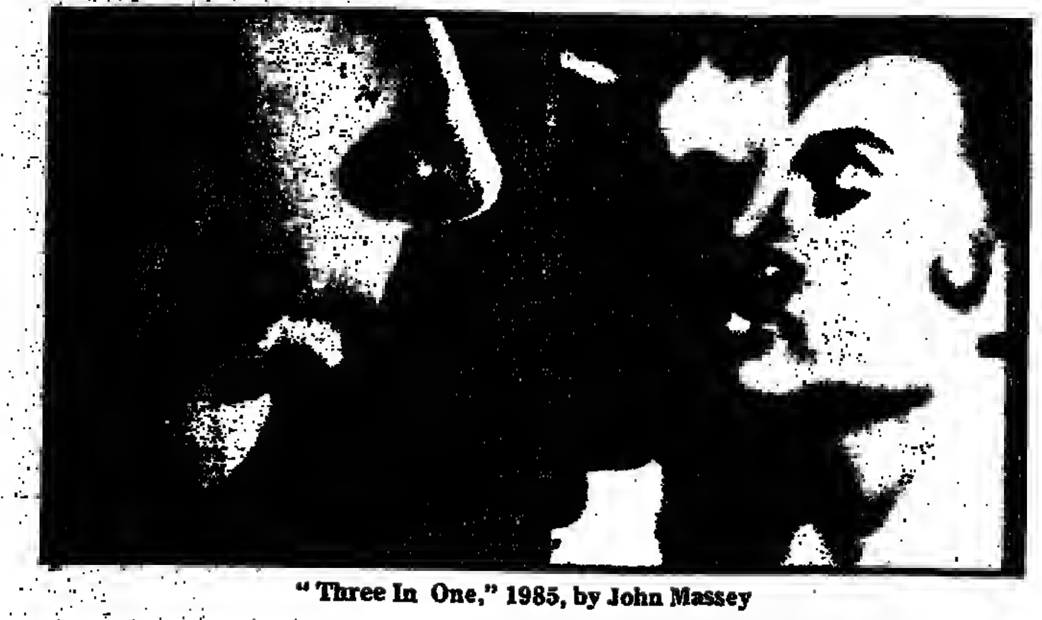
It estimates that it will grow at a 29 per cent compound annual growth rate, becoming a $10bn industry in 1990; it would then represent an installed base of 3m units or 15 per cent of the microcomputer market.

According to Input: "The primary multi-user system value is economy: per user costs are lower than for comparable stand-alone micros, local area linked micros or microcomputer-based systems. A second value is the ability of a multi-user system to share computer resources in the form of peripherals and data among members of a working group."

Only a few manufacturers at present cater for such groups: Convergent Technologies, IBM, AT & T, Altos, Fortune, NCR, Onyx and Tandy. Input thinks that the IBM AT, most powerful member of the IBM business PC family will become the most prevalent multi-user machine. At present, it can support up to three users.

"AT compatibility" Input says "Will become as important as IBM PC compatibility."

The growth of such systems gives Information Systems managers the chance to correct past mistakes, especially those caused by the un-co-ordinated buying of incompatible computers, Input argues.



"Three In One," 1985, by John Massey

Art in Canada/William Packer

To go to another country for the first time is to go fully armed, if not with actual prejudice, at least with certain mature expectations; and to have them then confounded is all part of the fun. I have just returned from a tour of Canada, from Vancouver by way of Banff, Toronto and Ottawa to Montreal, that has lasted a fortnight at the invitation of the Department of External Affairs. In its course I spoke to artists, critics and curators of all kinds, visited museums, institutions and dealers' galleries and saw altogether a mass of work.

I had not thought, seeing all the principal cities strung along the country's southern fringe, that the US would seem so far away. In all the centres I visited the sense was clear and strong that among artists the preoccupations were local first, national second and truly international third. Everywhere ambition was more serious than fashionable and a healthy scepticism cultivated of the bubble reputations to be won in New York and of the attitudes they bespeak. New York is known well and monitoried closely but only as part of the more general scene.

Toronto is the natural national focus, for there is to be found the greatest concentration of working artists from across the country, and there too is the most active market for contemporary art. But it is no undisputed pre-eminence and, with Vancouver maintaining a necessarily somewhat distant objectivity and detachment, the axis between Toronto and Montreal is what gives the art world of Canada its peculiar, creative charge. The anglophone and the francophone come together all the time but, like oil and vinegar (with just a pinch of salt and pepper), they do sometimes curdle, and always there is a certain piquancy to the taste.

If the artists of Toronto and Vancouver find the American example so easily resistible, by how much more should those of Montreal, who speak of Quebec far before Canada as their native country. It is not surprising in itself that the *Musée d'Art Contemporain de Montréal*, for example, should build up its collection in a proportion of 2-1 between national and international work, but an eyebrow is raised on first learning that work from the rest of Canada is counted as international. The visitor needs only a day or two in the city, however, to take the point.

There, in so fiercely nationalistic a critical climate, the eye turns readily enough to Europe for international stimulus and reference, but seems to register the actual work only the most diffuse and haphazard way. For a visitor from Britain it is salutary if disappointing to remark the scant attention paid to current British art.

In terms of quality and kind and working circumstances across the whole range of activity, Canadian and British artists have so much in common that anything but a constant exchange of experience and ideas is a gross waste of creative opportunity. But all turns on money in the end.

So it is that Canadian curiosity about British art is largely the creature of the British council's current enthusiasm for the latest school of younger British sculptors—Cragg, Woodrow, Kapoor and their fellows. And to be fair to the British council, only so much can be done on limited means. In a sense the Canadians have the advantage of us, for with a permanent gallery here in London, the occasional exercises of biennale and international festival have been augmented over the years by a steady flow of exhibitions of Canadian art.

But here again, on the other side, that official syndrome of critical narrowness and particularity obtains, and for "Young British Sculpture" we have long been inclined to read "Canadian Video and Installation." Again, to be fair this time to the Canadians, there is a practical and historical justification to band, for it was only by this trip that I came to realise the singularity and scope of their contribution to the development of this field over the past 15 years or so.

The setting up of alternative sites and artist-run centres, non-profit-making exercises in self-help, was an act of art politics which now accounts for some C$7m of the Canada Council's annual budget—a further C$8m goes on awards to individual artists through all the disciplines. The effect was to make available to the artist equipment of the most sophisticated kind that would otherwise have been far beyond his reach, and naturally the hint was taken. The initiative remains unique to Canada, at least in its extent, and the work that has come out of such places as the Western Front in Vancouver, Trinity Square Video in Toronto, and Videographe in Montreal has been rightly remarkable.

But there is more to art than the electronic and the three-dimensional, and it is in no sense to argue against the more cerebral and conceptual modes of expression they naturally encourage to say there is also room for the intuitive and the spontaneous, old-fashioned oil paint on canvas and figurative reference. Such work of course has always been current in Canada just as it has been in Britain, and of the highest quality. We should begin to show more of it to each other.

The Golden Legend/Leeds

Arthur Jacobs

To Arthur Sullivan it was "the best thing I've ever done." In this century, however, *The Golden Legend* has been relegated to the lumber room among the vast number of Victorian "sacred" cantatas. On Saturday in Leeds a centenary performance was so magnificently directed by Sir Charles Mackerras that one could almost believe in the piece.

Leeds Town Hall, where the work was launched under the composer's baton in 1886, was again the location. The excellent Leeds Philharmonic Choir enabled Sir Charles to scale the summits with an impressive control of pace and climax. The Manchester-based BBC Philharmonic Orchestra revealed Sullivan's fine ear for the pallette of a much larger instrumental force than could be exhibited in the operettas with Gilbert. Among the soloists Brian Rayner Cook did splendidly in depntising at a few hours' notice for an indisposed Richard Van Allen, bringing life to the sardonic figure of Lucifer.

Unfortunately those big choral climaxes, eloquent in demonstrating Sullivan's skills as a composer, stand aside from the conflict supposed to be evoked by the drama itself. The hero and heroine—the medieval Prince Henry and the young peasant woman who offers her life for his cure—similarly lack depth of interest, and the narrative comes apart at a vital point. Much of *The Golden Legend* can be admired; the failure is in what is missing.

Robert Tear dealt sympathetically with Prince Henry but Sheila Armstrong's Elsie lacked urgency of delivery and richness of colour. In the supporting role of Elsie's mother, Sarah Walker was her usual admirable self. Enthusiastically received by a full house, this was at least a festive centenary salute to the greatest of Victorian composers. It deserves to be brought to London by the same choir and conductor.

'The Mousetrap' celebrates again

The Mousetrap by Agatha Christie is a third of a century old on March 25. The occasinn will be celebrated with a party at the Savoy, Princess Michael of Kent as guest speaker.

Since opening at the Ambassadors Theatre in November 1952, the play has been presented in 42 countries and translated into 23 languages.

The play continues at the St Martin's Theatre.

Carmen Jones/Sheffield Crucible

B. A. Young

Carmen Jones does no more violence to Bizet's *Carmen* than that opera does to Merimee's novel. *Carmen* was written as an *opera comique*, with spoken dialogue carrying the story between the musical numbers, and its characters are recognisable, with the required theatrical imagination, as genuine contemporary figures.

Oscar Hammerstein's adaptation matches it precisely. The tale has been brought into an American parachute factory in 1943. Carmen Jones is one of the workers, Joe (José) an army corporal who falls for her, Cindy Lou (Micaela) his girl from back home, Husky Miller (Escamillo) a heavyweight boxer. *All are black.*

The Crucible has an opera director, Stephen Pimlott, working with its artistic director, Clare Venables, on what is surprisingly a European premiere. The result is theatrical to see and, when the moments come, operatic to hear. It is played in front of clever designs by Alison Chitty that use a series of flats dropped upstage from the flies. Their only fault is intrinsic to the Crucible's open stage: there is no surface adequate to reflect the sound over the audience. Singers are kept upstage for the solos as far as possible to make optimum use of what there is.

Maureen Brathwaite's Cindy Lou makes good use of this principle and her singing is sweet and clear. La Verne E. Williams is a splendid Carmen both to hear and see, and if she somewhat physically dwarfs her Joe (Derek Lee Ragio), this is a not-uncommon operatic mishap soon forgotten, and Mr Ragin has voice enough to compensate. As Husky Miller, Marshall Ward makes a compelling first entrance in his white outfit, but his voice does not quite match the power suggested by his appearance.

The only 20th century touch in the singing comes from Stella Starr's exciting performance of what is now "Beat Out that Rhythm on a Drum" at Billy Paster's bar, and it touches off an epidemic of dancing, imaginatively choreographed by Carole Todd, who maintains the mood in the railway quintet later in the scene.

There is a good solid chorus, and a choice from 24 kids for the children's numbers. The whole company is black, apart from the 12 strong band under the stage, conducted by Jeremy Sams, who has made some handy orchestrations of his own. The enterprise, which must be very expensive and is subsidised by the Yorkshire Bank, is an undoubted success.

* * *

In the Crucible's Studio is *Who Killed Hilda Murrell?* by Chris Martin. Hilda Murrell was an elderly spinster much involved in anti-nuclear propaganda and environmentalist activities. She believed there was a Nuclear Broederbånd aiming at dictatorship. Two years ago she was murdered by an extraordinary intruder who—so hastily that he left the door open and the light on—drove her away in her own car, right through downtown Shrewsbury, and dumped her half naked body in a coppice, dead from stab wounds.

The police think that the murderer was a burglar with sexual associations. But Miss Murrell believed she was being threatened by some kind of nuclear intelligence force. Moreover, her nephew had been in Naval Intelligence during the Falklands incident, and there are those who think he had told her too much about the Belgrano sinking.

Neither of those lines is very persuasively argued, but certainly the circumstances of her death were remarkable, and the killer still has to be caught. The play is no more than a documentary, but the fascinating matter is well presented by the four players, Linda Broughton, Richard Cordery, Annie Raitt and Andy Rashleigh, and directed, with perhaps a trace too much emotion, by Jane Collins.

The Clerical Outfitters/Lancaster

Charlotte Keatley

Elisabeth Bond is writer-in-residence at the Duke's Playhouse, her home city of Lancaster, to which she returned after her film success, *The Assom Garden*. Artistic director Jonathan Petherbridge commissioned *The Clerical Outfitters*, which runs until March 29.

Set in an interdenominational outfitters, it is worth seeing for its quirky humour and gentle exposure of human contradiction: a bevy of clergymen more concerned with the material of their robes than the spiritual significance of the saint for whom they are dressing up.

The bones of the Celtic Saint Cordelia have been unearthed beneath the Moslem community centre of a northern town. The flurry to outdress each other at the public procession of blessing brings Rabbi, Moslem, Roman Catholic and Church of England to Mr Ferris, the clerical outfitter.

The sub-plot is the arranged *marriage of Nasreem*, a girl who is the victim (like Saint Cordelia before her) of religious tradition such as the clergymen celebrate. Geoffrey (a touching performance by Stefan Escreet) is Mr Ferris's gauche assistant, who links plot and sub-plot.

Elisabeth Bond focuses the play through Geoffrey's eyes: he has the moral conviction which the clergy appear to lack. It is typical of her style that sin is represented more as a frailty. Tha major questions of *faith* are never asked by the clergymen, whereas the mortal lives of polyester v. cotton surplices are hotly debated.

The actors portray admirably the gap between absolute belief and compromising human nature. I particularly liked youthful, idealistic Father Brian in haversack and boots (played by Andy Serkis), who will cross swords with the Archdeacon over religion but is prepared to get dispensation to play squash with him on Thursday; also blaspheming Mr Ferris with his temperamental ulcer (Ian Blower) and pernickety *Monsigneur* Byrne (Jon Strickland) in black cassock, flapping his broken umbrella like a distracted starling.

Design, lighting and music exemplify the *collaborative* strength of Mr Petherbridge's team policy. Alice Purcell's set combines communion-wine cellar, cramped office, and shop-floor with chalices on display. A three-storey backcloth of hanging vestments, lit from behind by Phil Clarke, glows turquoise gold, lime and crimson, like a stained-glass window, while soaring organ music completes the illusion.

Mr Petherbridge's direction is sensitive to the script's shrewd understatement but fails to highlight some wonderfully ironic situations. The second half of the play is seriously flawed by speeches which reiterate, clumsily, points which Elisabeth Bond has already subtly conveyed, and these hamper relationships at the point they should take fire. This stalls and a dissipated ending should have been re-worked by director, actors and writer: what is the point of asking a playwright to be in residence if the result shows no evidence of a creative dialogue?

Stefan Escreet and Jon Strickland

Borodin Quartet/Elizabeth Hall

Dominic Gill

The fifth recital on Sunday afternoon of the Borodin Quartet's Shostakovich cycle showed the players at their most intimately refined. Their performances of both the Tenth (in A flat, Op 18) and the Eleventh (in F minnr, Op 122) quartets were virtuoso studies themselves in delicate, dappled colourings.

Their account of the F minor quartet No 11 — that strange fantasy-suite of seven continuous movements — was a mystery tour of endless innuendo: a magical web of cross-current, echo, and counter-echo. Could any other ensemble playing today bring such clarity to such complex resonance?

The Borodin's violin and cello were joined by Peter Donohoe after the interval for the better known Second Piano Trio in E minor — less intimate, more ebullient, more dramatically forward in its argument, the slow music very slow, the fast music sparkling with energy.

Shirley Valentine/Liverpool

Michael Coveney

A new play by Willy Russell is a big event in Liverpool, and the Everyman, its future uncertain after the abolition of the Merseyside County Council, is packed to the gills for a bravura, pulsatingly comic and inventive solo performance by Noreen Kershaw as Russell's Shirley Valentine, a 42-year-old mother and housewife who packs her bags and heads for the sun. The note in the kitchen will read: "Gone to Greece, back in two weeks."

Shirley is discovered preparing dinner, sipping a glass of wine and addressing her scabrously Scouse stream of semi-consciousness to the wall, beyond which lies Life. The dramatic conceit consists in the overheard musings of an unfulfilled woman, but Russell and Kershaw embrace the audience in this wonderfully atmospheric three-sided auditorium so that we become not just the confidential listener, but the responsive community Shirley does not have at home.

It is a simple and brilliant idea, and it works very well. Husband Joe is no source of comfort; sex with him is an over-rated pastime, like going to Sainsbury's, lots of pushing and shoving and not what you wanted at the end of it. Joe gets culture shock going to Chester. Daughter Jane once received an autograph — and breakfast—from Henry Adrian (good local joke); she was a feminist the moment she came home and found her husband in bed with the milkman.

That gives an idea of the script's flavour, but does scant justice to Russell's ability to build his laughter into both character revelation and a structural uniformity. At some stage I assume director Glen Walford will tighten up the second act. When Shirley discovers the clitoral orgasm courtesy of the considerate Costas ("He kissed my stretch marks"), she takes off on a rather over-extended, dangerously maudlin passage about the terrible weight of unused life.

But the performance remains compelling, Miss Kershaw opening up like a bank of spring flowers. Joe has heard about the affair and is on his way, convinced that it is all down to "the bleeding change of life." The profound and perennial point of the comedy is the problem we seem to have contemplating the idea of a woman alone—in a pub, on a beach, in a restaurant. This is what Shirley learns to combat as she unravels her own sexual and social identity—in the format of a one-woman show.

Like *Educating Rita*, though, this is a genuine play. *Rita* I was less keen on than many other Russell pieces. The confessional device of the receptive lecturer cluttered the emergence of Rita: the playwright, in a sense, here writes a companion piece replacing the lecturer with us. This gives the event a much firmer purpose and more dramatic dynamic.

The play is not only funny, it is also moving. Russell, like all the best folk artists, holds up familiar aspects of life for inspection and enjoyment by an audience he knows inside out. He is an instinctive feminist — nothing to do with metropolitan fringe theatre or vegetarianism — and his work often, as here, gains richness from exposing Liverpudlian flippancy, chauvinism and defensive smart-alecking to a radical desire for people to improve their lives and see themselves with more dignity. This, in the end, is what Shirley Valentine achieves. The notable design by Claire Lyth transports us and Shirley from her brick and pine open plan kitchen to an adyllic rocky beach and the reality of romance.

Monteverdi/St John's

Richard Fairman

The court at Mantua was an opulent focal point for the arts. By the turn of the 17th century the ruling house of the Gonzagas enjoyed an indulgent and lavish lifestyle quite unrelated to the real extent of their power. The leading musicians of the day were readily at their call and an evening's entertainment meant not only the best in singing and dancing, but also the latest music of Monteverdi, most celebrated of the court's masters of music.

The venue of St John's, Smith Square, does not have much of this heady atmosphere. But in an unusual programme on Friday night a new formation of performing groups called Historic Arts tried to recreate a good deal more of the colour and vitality of the period than we usually see in straightforward concerts. Music and dance were hand in hand, a luxury that they were able to provide by combining the forces of the Schütz Consort and the Early Dance Project.

The advantages are obvious. When Monteverdi wrote a piece like his "Tempro la cetra"— an extended madrigal with a purely instrumental ending — it is easy to imagine that he intended dancing or movement to fill out its warlike message. This band of singers and dancers, colourfully costumed, was able to make the most of all those opportunities. One's only regret is that a capacity St John's audience was far too large and passive a crowd for them to stir up a Mantuan-like rapport.

In trying to devise the most attractive programme the group cheated a bit. An unlikely number of plums from Monteverdi's output was included and some of the items dated from after his time in Mantua, at least strictly according to the publication dates. But it would be churlish to pass up the chance of hearing pieces as dramatic as "Ogni amante è guerrier" or as moving as the *Lamento d'Arianna*, sung with much vocal purity by Susan Bickley.

A little more theatrical flair would have helped this piece take off. Otherwise the music came to life with all the extra vitality the group must have hoped, specially when the soprano Catherine Pierard and characterful, deep bass Richard Wistreich were involved. Roger Norrington (music) and Kay Lawrence (dance) are behind the project and are to be encouraged to experiment further.

Saleroom/Antony Thorncroft

Miniatures make it big

The best auctinn nf portrait miniatures for 50 years did well at Sotheby's yesterday, totalling £625,515, with just 4.9 per cent unsold. The 197 miniatures on offer were half of the collection of the late Sir Charles Clore: the remainder will be sold at Sotheby's on November 10.

The top price, and a saleroom record for a continental miniature, was the £50,600 paid for a portrait of an anonymous cartographer produced in 1795 by Marie Gabrielle Capet. Bought by a private collector the price was well above the *£10,000 top estimate*. Capet, the pupil of another female artist, has never achieved such a price before but the miniature was so finely done that Sotheby's put it on the cover of its catalogue for the sale.

Two continental dealers, Bucher from Switzerland and Mrs Rudigier from Munich, competed keenly for many of the lots. Bucher acquired for £47,300 what was expected to be the top lot, a miniature of Marie Clementine, Archduchess of Austria, signed and dated by the celebrated Heinrich Fuger, 1795. It carried a top estimate of £30,000.

Mrs Rudigier carried off the next three most expensive items, paying £46,000 for a 1782 portrait of a Princess of Monaco, by Pierre Adolphe Hall; £34,100 for a young lady as Sappho by Francois Dumont; and £13,750 for "Nymphs surprised by a Satyr" by Jacques Charlier: this carried a top estimted of £4,000 but its erotic content boosted tha price.

The Vicomte de Lage de Volude by Fragonard, circa 1770, sold for £13,200 to Bucher. This carried a top estimate of £15,000, but there are doubts about whether Fragonard actually painted many miniatures. A mother and child by Joseph Boutnn went to Mrs Rudigier for £12,650 while Madame Feydeau, by the celebrated *Isabey*, was cheap at £12,100, to Bucher.

The doubts about Fragonard seurfaced again when Bucher secured for £11,000 a portrait of a young boy, attributed to the artist. It carried a top forecast of £20,000, making it the second highest estimated lot. Some experts believe that the mininatures were painted by Fragonard's *sister*.

Sir Charles Clore bought his miniatures, as a collection, from Wildenstein in the mid-1950s. They had belonged to the distinguished connoisseur David David-Weill who, on his death in 1952, left half his collection to the Louvre and half to the market.

He had acquired them in the great age of miniature buying in the early years of the 20th century. Prices, in real terms, have not reached the levels set then when rich men, such as Pierpont Morgan, bought freely. Sotheby's hopes that the Clore sales will awaken interest in this market, especially on the continent, for the Clore collection is heavily biased towards French miniaturists of the late 18th and early 19th centuries. Yesterday's auction justified the salerooms confidence.

*

From April 14 the water-colours and drawings in the Turner Bequest at the British Museum will be withdrawn from view. They will not be publicly available until they take up residence in their new home, the Clore Gallery annexe to the Tate.

The Clore Gallery is scheduled to open in the spring of 1987. Funded by the Clore Foundation it will house the 20,000 drawings, water-colours and sketchbooks which Turner bequeathed to the nation on his death in 1851. The British Museum's own collection of Turner watercolours and drawings will remain in the Print Room of the BM.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Mar 14-Mar 20

Opera and Ballet

PARIS

Paris Opera: La Traviata alternates with Cherubini's Medea conducted by Pinchas Steinberg in a new production by Liliana Cavani with Shirley Verrett/Dunja Vejzovic in the title role and Werner Hollweg as Jason. Also Tchaikovsky's Manfred choreographed by Rudolf Nureyev with the poet danced by Charles Jude/Jean Guizerix, the sister by Florence Clerc/Karin Averty and the Countess by Monique Loudieres/Elisabeth Platel. (4266 5022).

Maurice Bejart's 20th century ballet follows le Baiser de la Fee by Le Concours, danced to music by Hugues Lebars, Adam, Tchaikovsky, Strauss. Palais des Congres. (4266 2075).

L'Ecume des Jours: A world premiere, music and text by Edison Denisov, inspired by a Boris Vian novel. The orchestra, which includes two saxophones, electric guitar, jazz piano and drums is conducted by John Burdekin. Opéra Comique (4296 1220).

Il Signor Bruschino: Rossini's one-hour opera conducted by Jerome Kaltenbach, at 6.30pm at the TMP-Chatelet (4233 4444).

LONDON

Royal Opera, Covent Garden: After an absence of some years The Flying Dutchman returns to Covent Garden in a new productioo by Mike Ashman conducted by Gerd Albrecht with Simon Estes, Rosalind Plowright, Siegfried Jerusalem and Robert Lloyd. On Sunday evening Dietrich Fischer-Dieskau gives another of his Celebrity Recitals in the house.

English National Opera, Coliseum: Another brand new Wagner productioo this week, even more eagerly awaited: Parsifal in Andrew Porter's English, conducted by the great Reginald Goodall, produced by Joachim Herz, and with a cast including Warren Ellsworthy, Anne Evans, Gwynne Howell, and Neil Howlett. Also in repertory: the ENO's lively, well-sung account of Jonathan Miller's "dream-in-a-library" Magic Flute, and the company's largely unsatisfying Madam Butterfly.

Royal Opera House, Covent Garden: The Royal Ballet offers a triple bill of Frankenstein, Consort Lessons and Gloria.

WEST GERMANY

Berlin, Deutsche Oper: This week's highlight is Tosca starring Janis Martin and Giorgio Lamberti. Madame Butterfly has Yoko Nomura, Helga Wisniewska and Franco Tagliavini. Also in the repertory: Der Barbier von Sevilla and Die lustigen Weiber von Windsor.

Hamburg, Staatsoper: Parsifal has Gabriele Schnaut making her debut as Kundry. Faust, with a complete new cast, features André François, Gabriela Benackova and Alberto Cupido. Fidelio has Lisbeth Balslev brilliant as Leonora and James King as Florestan.

Frankfurt Opera: Hector Berlioz' rarely played Die Trojaner is again offered this week. Anja Silja's masterly Kassandra leads a strong cast. Premiering this week is Orpheus in der Unterwelt, produced by Jürgen Tamchina. Don Pasquale has fine interpretations by Julie Kaufmann, Bodo Schwanbeck and Barry Mora.

Munich, Bayerische Staatsoper: Elektra, conducted by Heinz Fricke, is respectable with Astrid Varnay, Ingrid Bjoner and Carmen Reppel. Don Giovanni is worth seeing with Edita Gruberova, Trudeliese Schmidt and Kurt Moll. Manon is a Jean-Pierre Ponnelle production. Also offered Volker David Kirchner's Belshazar.

WASHINGTON

Joffrey Ballet (Opera House): National tour of the noted international company. Ends March 23 (254 3770).

CHICAGO

Pilobolus Dance Theatre (Goodman): Traditional dance combined with gymnastic daredevilry makes this a popular contemporary troupe. Ends March 23. (443 3800).

TOKYO

Vienna State Opera: Der Rosenkavalier and The Marriage of Figaro. Tokyo Bunka Kaikan (262 7141; 571 1689).

VIENNA

Volksoper: Schwanda der Dudelsackpfeifer by Weinberger; Orpheus in the Underworld; Die Csardasfürstin; La Bohème (53 24/26 57).

NEW YORK

Metropolitan Opera (Opera House): The week features Sir Peter Hall's production of Carmen conducted by James Levine with Maria Ewing in the title role, Catherine Malfitano as Micaela and Placido Domingo as Don Jose. It joins the repertory of Simon Boccanegra with Kiri Te Kanawa as Amelia and Sherrill Milnes in the title role conducted by Myung-Whun Chung, Falstaff conducted by James Levine and the last seasonal performance of Francesca da Rimini conducted by Nello Santi with Renata Scotto in the title role. Lincoln Center (362 6000).

New York City Opera (NY State Theater): The company's first musical comedy season kicks off with five weeks of Lerner and Loewe's Brigadoon, conducted by Paul Gemignani in Gerald Freedman's production. Ends Mar 30. Lincoln Center (870 5570).

BRUSSELS

Cirque Royale: The Cunning Little Vixen by Leos Janacek (in Czech) conducted by Friedmann Layer with Stephanie Kaluza, Patricia Schuman and Dalibor Jedlika (218 2015).

NETHERLANDS

Amsterdam, Stadsschouwburg. Netherlands Opera production of Arabella by Richard Strauss directed by Lotfi Mansouri, with Ashley Putnam in the title role, and John Bröcheler as Mandryka. The Rotterdam Philharmonic conducted by Edo de Waart, dancers from the National Ballet (Tue). (24 23 11).

Tilburg, Stadsschouwburg. The Marriage of Figaro (in Italian) from the Netherlands Opera directed by Rhoda Levine, with the Netherlands Philharmonic and the Opera Choir conducted by Hartmut Haenchen. Jake Gardner as Figaro, and Sylvia McNair as Susanna (Wed). (43 22 20).

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France tilts to the right

THE unexpectedly narrow margin by which the conservative parties appear to have won the French parliamentary election has left President François Mitterrand in a strong position to influence the future course of events. The Socialist government's policies have not been disavowed by anything like the massive majority that had been forecast, nor can the *neo-Gaullists* and *Centrists* be said to have won a clear-cut mandate for their programme. As a result, the President has more room for manoeuvre to appoint a Prime Minister of his own choice and a greater say in the composition of the government than was thought likely.

The fact that the President has emerged in a relatively strong position from the election may lessen the risk of a constitutional conflict between the Head of State and his Prime Minister, as was generally feared in the event of an overwhelming right-wing victory. But that will prove to be true only if the President uses his powers prudently and with due respect for the choice of the voters.

The temptation for Mr Mitterrand to use the present situation to further his own and the Socialist Party's long-term ends, probably at the expense of the *country's political* and economic stability, will be considerable. For no one is in any doubt that he, in common with the leaders of the conservative parties, all along has had his eyes firmly fixed on the horizon of the 1988 presidential election.

Climate

Even if Mr Mitterrand decides not to run for a second term—and nobody at present knows what his intentions are—he will want to create the kind of political climate in which a Socialist candidate can win. That will certainly condition the President's choice of a new Prime Minister. Mr Mitterrand is well aware that the new leader of the government can either greatly strengthen his own chances in the presidential election if he succeeds, or greatly damage them in adverse circumstances such as a clash with the *Presidency*.

The opportunities for Machiavellian manoeuvres are almost limitless in the aftermath of the parliamentary election. But for the sake of the wider interests of his country and those of France's allies and trading partners, it is to be hoped that Mr Mitterrand will act on the basis of higher criteria.

The result of the election may have been very close, but it did represent a substantial swing to the right. The Socialists have lost more than 70 National Assembly seats, while the traditional conservative parties have added 140 to their combined total in the 1981 general election.

In a democratic society, such a big shift of voters across the political spectrum must be reflected in government policy. The conservative parties were elected on a specific programme of economic reforms, including privatisation, the deregulation of the country's financial sector, removal of price controls and tax cuts.

Privatisation

Whether it is Mr Jaques Chirac, the leader of the neo-Gaullist RPR party, or someone else who is nominated as Prime Minister, he should be given the means and support to carry out the programme of the parliamentary majority. Indeed, the gap between the Socialists' economic programme and that of the conservative parties looks more unbridgeable on paper than in practice.

In a small way, privatisation has already begun under the Socialists and one or two influential chairmen of nationalised companies have made no secret of their desire to see the process continue. Some of tha biggest state groups have started issuing non-voting stock to private investors. The big St Gobain industrial concern has hived off two of its subsidiaries and quoted part of their capital on the *Bourse*.

The Socialist government has also made a start on deregulating French financial markets, particularly as far as the daily management of the money market is concerned. At the same time, plans are afoot to phase out the traditional system of bank lending ceilings for regulating money growth and allowing the job to be done by interest rates.

The basis for a modus vivendi between a Socialist President and a conservative *Prime Minister* is therefore already in place. Though some compromises will have to be made on the conservative programme, Mr Mitterrand should accept the will of the electorate and facilitate its implementation.

US and Japan plan a cartel

THE IDEA that the world's two most powerful trading nations might set up an international cartel to exploit consumers from London to Seoul would once have been dismissed as an economic fantasy. Yet, such is the hysteria in Washington over America's declining competitiveness in high-tech industries, this is precisely what seems to have been mooted in bilateral negotiations between the US and Japan over the $30bn world market for semiconductor chips. American officials seem increasingly to regard collaboration with Japan as a more attractive option than competition.

The plan under consideration is that a global price and production cost monitoring system should be established. US and Japanese chip makers would have to submit price information to a US agency every time they sold chips—whether in the US, Japan or third markets. If prices were found to be above "fair values" as established by US trade laws, the guilty manufacturers would face stiff penalties. In the US this blatantly protectionist scheme is being promoted as the only way to make domestic anti-dumping legislation effective.

There is no doubt that the Reagan Administration feels under great pressure to do something about import penetration in its semiconductor market: Japanese manufacturers now hold a 90 per cent share of the market for dynamic random access memory chips (d-rams). Last week the US Commerce Department imposed dumping duties of between 20 per cent and 180 per cent on Japanese chip makers found guilty of selling below "fair value" in America. However, domestic sanctions are unlikely to be effective as US purchasers of memory chips are already making arrangements to buy offshore and thus avoid the duties.

Compensation

The future of the global price fixing scheme is likely to be settled in talks between US and Japanese officials in Washington later this month. There is strong pressure on the US side to thrash out an agreement ahead of the Japanese Prime Minister's visit in April. A bilateral agreement on prices is thought to be less overtly protectionist than explicit quotas and tariffs, which might seem inconsistent with President Reagan's free trade rhetoric. The Japanese, unwilling or unable to increase their imports of chips, are thought likely to go along with the global pact on prices.

This is hardly surprising. As the dominant manufacturer of chips, the Japanese have much to gain from restrictive agreements that result in higher prices. The experience with motor cars demonstrates that higher prices can more than compensate for any reduction of sales volume. The losers from this producer cartel would be consumers of chips the world over.

Protection

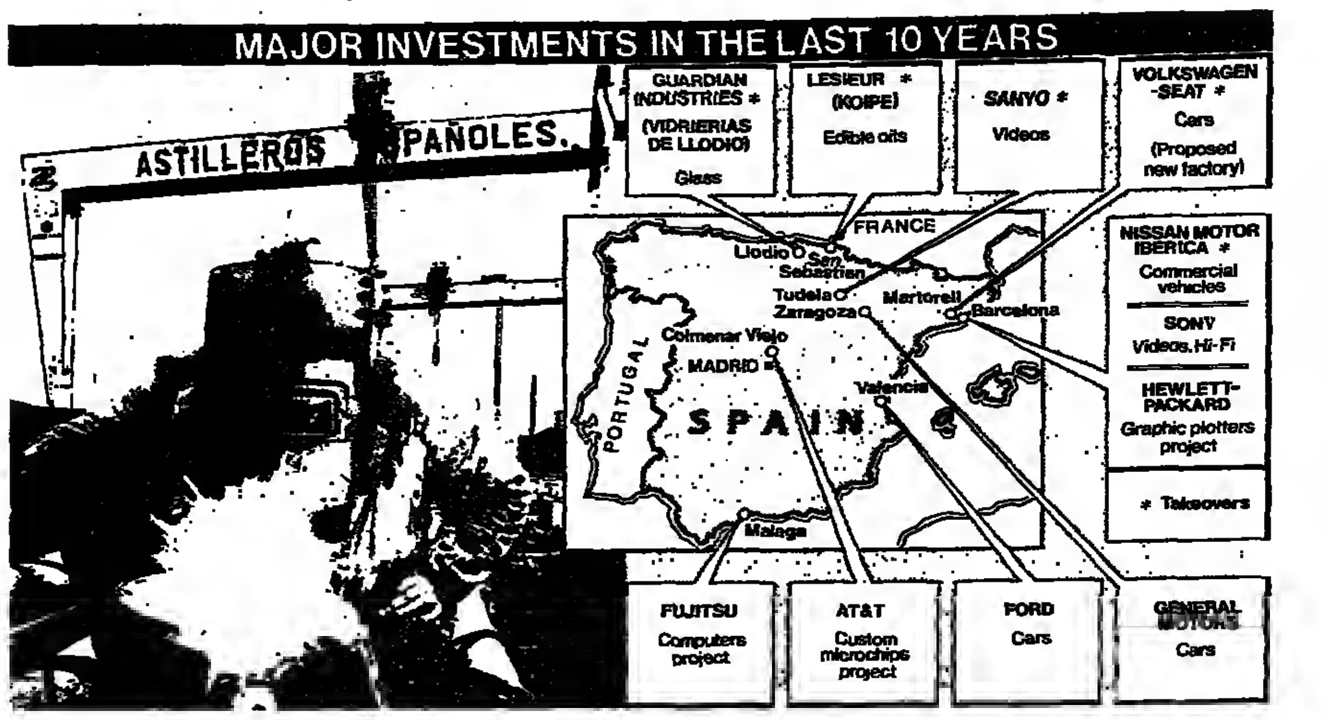
These protectionist proposals are likely to be strongly opposed not only by the European Commission but also by the US computer industry which will suffer if the cost of its inputs is artificially raised. Indeed, the US semiconductor industry is well aware that, in domestic terms, the most potent political opposition will come from the likes of IBM. Cries of "foul" from Brussels will carry much less weight.

These plans for the chip industry are fortunately still *some way short of actuality*. It would be hard to conceive a more inefficient form of protection. Bilateral "voluntary" arrangements undermine a global trading system built on multilateral agreements. The US would do better to raise tariffs — it would at least then gain in revenue terms from higher chip prices. It would also avoid another damaging row over "extra-territoriality:" the US has no right to seek to influence the prices charged by Japanese companies in foreign markets. The hope must be that the US will realise that there are domestic reasons for the *poor performance* of its semiconductor industry and not seek relief through measures which will damage other countries and *undermine* the global trading system.

MULTINATIONAL INVESTMENT

Everybody wants it made in Spain

By David White and Ian Rodger



WHO BELIEVES in Spain more than the Spaniards do? Well, the Americans, the Japanese, the French and the Germans, do for a start.

Spain's own companies, smaller than their counterparts in the main European Community countries, still wallowing in the after-effects of the crisis of the mid-1970s and not sure yet what to do about community entry, are reluctant to invest even though recent figures show a slight upturn. But foreign companies are keeping up a constant inflow as Spain makes its EEC debut.

The Government's victory in last week's referendum on Nato, by removing a threat of political instability, also removes a potential psychological barrier to foreign investment, especially from the US.

Last month, Kubota, the leading Japanese farm machinery maker, announced that it would start making tractors in Spain later this year. It intends to buy a controlling stake in the tractor division of Motor Iberica, the troubled automotive group owned by another Japanese group, Nissan.

Foreign investment in Spain has been steadily increasing for ten years, encouraged by the prospect of EEC enlargement. Last year the total, including property and portfolio investment, rose by $650m (£444.3m) to $3.16bn. Direct investments in foreign-controlled Spanish companies were approved by the government to a total of $1.87bn, continuing to rise after a sharp jump in 1984. Two-thirds came from companies already installed in the country.

The attractions of Spain for multinational companies vary from sector to sector. For some, such as the car makers, the combination of an inexpensive but competent workforce and access to the whole EEC market is the key. "The quality of products coming out of our Zaragosa plant in Spain is first rate," General Motors Europe says. The company is just starting production of a second model, the Opel Kadett (Astra in the UK), at the plant.

For others, such as the leading oil companies, Spain is a new frontier now that EEC entry is forcing the removal of protectionist barriers. Because of the state-owned oil monopoly, Spain has only 3,500 service stations compared with 30,000 in France and more than 20,000 in the UK. Esso Europe, among others, considers Spain "potentially a very attractive opportunity," and is moving to establish a foothold in the market as soon as it is allowed.

High technology companies have other incentives for going to Spain. Building work is starting at a $210m American Telephone and Telegraph custom microchip plant outside Madrid—a flagship project and the US group's first venture of this kind in Europe. Spain's socialist government hopes it will be the focus for a fresh phase of high-technology development.

A foreign project in Spain has never received so much in grants and soft loans—60 per cent of the total investment. Spain was not seeking to obtain capital but to persuade the Americans to part with advanced technical knowledge. Indeed, the US Administration would not pass the deal until Spain gave guarantees that the technology would not get into the wrong hands.

Spain is paying for its technicians to train at AT & T in the US. Through its semi-state Telefonica communications group it wants to catch up on electronics technology. With little or no technology of its own to defend, it has no reservations about where it acquired it. US, Japanese and EEC companies are all being brought in.

As many as 18 US manufacturers in advanced technology sectors are expected to have come to Spain in 1985 and 1986, including joint ventures in sectors such as fine chemicals. For officials in Madrid, this emphasis is crucial if Spanish industry is to find a niche in its new environment, and establish an edge, not over the bigger EEC members, but over Third World countries which threaten to compete on production costs.

In the EEC, Spanish officials believe that even if wage differences narrow in the medium term there is always likely to be a gap. Hence they foresee that despite the Iberian countries' notorious lack of labour flexibility (making people redundant is a costly and cumbersome process), the labour factor will continue to attract further production, especially since a relatively wide margin remains for improving productivity.

They are probably right. Courtaulds, the UK textile group, took over Cyanenka, an acrylic fibre producer in Spain, late in 1984 mainly to improve its position in the local market. The transition has been successful and the group now uses Cyanenka as an export base as well.

While US corporations seeking European footholds have dominated the investment picture in recent years, Spain has also become a prime target for Japanese investment in Europe. Some 13,000 people are employed in Japanese subsidiaries or joint ventures, and the EEC share is increasing.

EEC projects approved by the government last year rose 18 per cent to about $750m. French investment, including food ventures, has soared to rival West Germany's. The biggest business owner in Spain, after the Spanish state, is the French state (through companies such as Renault, Saint-Gobain and Rhone-Poulenc).

More Community investments are expected in order to take up positions in the Spanish markets—notably distribution subsidiaries and services. Volkswagen is poised to conclude its takeover of Seat, the state-owned carmaker with a $3.3bn plan to remodel its production set-up. Siemens, the West German chemicals group, and Pirelli, the Italian tyre manufacturer, are extending their Spanish activities.

While the home market with its considerable expansion potential remains a decisive factor, foreign companies have become increasingly geared to exports. Among the more recent arrivals, Ford and General Motors, for instance, are both primarily exporters, as AT&T will be. This shift can be explained to some extent by the slowing of Spanish demand, and also by the export obligations written into recent investment agreements — but most of all by the approach of open access to the EEC.

Something of a switch has taken place since the investment surge of the 1960s and early 1970s. Companies came then *because* it was the only way of getting into Spain and eluding its high tariff barriers. Studies show there was a direct correlation between the degree of protection in a given market and the amount of foreign investment. During this period, foreign companies imported more than they exported. Since 1977 this has been reversed.

Since the oil crisis investment has focused on volume production of small cars, a sector in which Spain will have no fewer than six multinationals, including Volkswagen, on oil-related activities such as plastics, and on banking, which has been partly opened up. Finance and services provide the second largest category of direct investment after engineering.

Recent wage moderation — increases this year are expected to keep roughly in line with *forecast inflation* of 8 per cent—and the weakness of trade unions in a country with more than 20 per cent unemployment have helped the investment atmosphere.

However, Spain is not a uniform collection of success stories. Companies which arrived during the first boom, aiming at the domestic market, today appear in many cases cumbersome and overmanned. Groups like Peugeot have joined Spanish companies in negotiating state aid to enable them to trim workforces. Westinghouse and General Electric of the US have both dropped control of their heavy electrical offshoots in Spain after sharp cuts in demand.

Some companies with small Spanish operations may pull out in order to supply Spain directly from other, more economically located production bases in the EEC. A company such as Sony, Spain's first volume producer of video cassette recorders, will have to re-think the rationale of its activity in Spain once the import tariff barriers (being dismantled over seven years) come down.

Some of the biggest problems have arisen with takeovers of existing Spanish companies. General Motors, which is apparently happy with its new Figuerelas plant even though it has yet to show profits, got cold feet last autumn about taking over Enasa, Spain's state-owned truck manufacturer.

The government is meanwhile preparing a decree to remove restrictions on foreign investment in most of those sectors—mining, hydrocarbons, refining, insurance, air transport, shipping, local radio stations—where they are still significant.

These restrictions are hangovers from past distrust towards foreign business. After the civil war, the Franco regime imposed a blanket limitation of 25 per cent on foreign ownership. In many sectors, equity stakes and repatriation of profits were prohibited. Foreign participations were not allowed until 1959, and then only up to 50 per cent.

Since then, the law has been progressively liberalised. The socialist government removed much of the red tape last year and extended the measures to non-EEC investors. But in some sectors, such as steel, oil and cars, the restrictions and tariffs will only be reduced gradually over the next seven years.

The shortage of large, *dynamic Spanish groups* has left numerous industries to foreign companies, which exercise a large measure of control in sectors such as chemicals, motor vehicles and components, food and dairy products and office equipment. Multinationals, *which* not only tend to export more than Spanish companies, but also to import more, equally play a dominant role in Spanish *trade*. Spain's top non-oil exporters (and they are also some of the biggest importers) are Ford, IBM, General Motors and Renault.

PORTUGAL SIFTS THROUGH THE APPLICATIONS

AS A fully-fledged member of the European Community, Portugal is sifting through a growing number of investment applications from Japan, South Korea, the United States and Brazil.

Although Portugal has a smaller market than Spain, Portuguese manpower is quick to learn. When well-managed by foreign manufacturers it is highly productive. Also in Portugal's favour a skilled Portuguese worker costs two thirds less than his Spanish equivalent.

Most inquiries from non-EEC companies have concentrated on manufacturers of components for the vehicle or electronics industries and on the chemical sector. More unusually, Brazil, which has a frame agreement with the EEC, wants to spin its raw cotton in Portugal and export the product to Community markets.

Fresh investment will bring new technology, more added value for exports and steady diversification of industry and sources of capital. Portugal hopes that some of the traditional suppliers to the motor industry will set up factories in joint venture with Portuguese capital, giving domestic manufacturers a greater chance to learn management skills, quality control and intensive marketing methods.

Community partners are also building up their Portuguese presence. Unilever has heavily increased investment in Portugal and is introducing products in the expectation of growing local buying power. Renault is still investing in its $600m (£409.3m) complex of assembly plant, foundry, motor and gear box units.

Tate and Lyle has bought into two Portuguese refineries, gaining two-thirds of the local *market*. Fiat has increased local capital and British, French and Belgian banks have opened Lisbon branches in the last six months.

EEC accession will allow capital from member countries to be invested this year with growing freedom from red tape (once much-delayed legislation is published). Initially investments under 1.5m ECUs ($1.2m)—as long as they are not aimed at sectors like public transport, broadcasting or energy production—will be taken as approved if the applicant hears nothing to the contrary from the authorities within 60 days.

DIANA SMITH

Men and Matters

Strategy man for Ford of Europe

By appointing Kenneth Whipple, aged 51, from Detroit to be the next chairman of Ford of Europe the company has surprised a number of its closest observers, and has given notice that things are going to be different in future.

Whipple's arrival at the Warley, Essex, headquarters, follows that of Alexander Trotman, *drafted in as president of* Ford Europe.

The company is hoping that the two men will provide a nice *balance of skills to direct Ford* of Europe into what promises to be a highly uncertain future.

While Trotman is a operations *man — a* car-maker and plant manager — Whipple's entire career has been in corporate management, strategy, and *finance*.

Under Robert Lutz (who is moving from Essex to the US *as* Ford's executive vice-president *for* the *truck* division) Ford Europe weathered the recent difficult years in the European market better than *most* volume *producers*, and last year profits picked up. As a seasoned European car man (ex GM and BMW) Lutz brought a marketing man's style to the Ford of Europe chairmanship.

Whipple sprang to prominance in the Ford hierarchy in 1984 when he was given the key post of vice-president in charge of corporate strategy.

He joined Ford in 1958 as a financial analyst working his way up to become assistant controller, international in 1974.

For the next few years he was virtually outside the central business of car making as, successively, vice-president of finance for Ford Credit, vice-president in charge of insurance and financing, and president of Ford Credit.

"Blasted Budget pundits—just think of the amount they get paid to tell us how badly off we're going to be"

Bearing gifts

Think twice the next time a foreign gentleman offers you £1m. Otherwise you might land up in the embarrassing position of certain Oxford colleges.

A man calling himself Natori has been wandering around Oxford with the glad tiding that *he represents a group of* Japanese donors wishing to give £1m to some lucky institution of learning.

Not surprisingly he was first received as an honoured guest by the inhabitants of a *number* of high tables. But then doubts set in.

A memo this month from the president of Templeton College, which houses the Oxford Centre for Management Studies, warned his fellows that the Thames Valley police are "trying to trace Dr (or Mr) Natori for a number of civil offences (including bounced cheques)."

It may be a coincidence, but a Mr Natori, resident in Oxford, has also been in touch with leading trade unionists, including Roy Sanderson, national electronics officer in the electricians' union, the EETPU.

Sanderson, best known for his "no strike" deals with Japanese companies in Britain, quickly went off the visitor. *He is used* to dealing with some very genuine Japanese.

Force under water

If Maigret and Miss Marple were hurtling through the Channel tunnel together on the London-Paris Express and a murder was committed in the next compartment, which of them would be entrusted with solving the case.

The probable answer is that the famous sleuths, from France and Britain, respectively, would call the tunnel police.

Kent police and their colleagues from the Pas de Calais are the most likely candidates to take charge of law enforcement in the tunnel and at the terminals.

Four years before the main construction starts, meetings are being held at various official levels between Britain and France, and between the police of the two nations, to decide how the policing should be *handled*.

It is unlikely that batons will be handed over between gendarmes and police constables half-way under the *Channel*.

The Home Office says the main concern on both sides is with "efficient enforcement procedures."

In Kent, the implications of undersea policing have so far involved the chief constable, the county council, and the local police authority. Kent is, of course, well used to the problems caused by an international travelling public. Dover has been a major point of entry and departure down the centuries. And Calais is similarly familiar with the occasional difficulties arising from the arrival of the boisterous British.

Whether or not a new body of law will grow up to deal with particular points of jurisdiction is too early to say.

Digging deep

If the channel tunnel project proceeds anywhere near as smoothly as the privatisation of British Telecom, Ian Ellison, aged 43, a newly-appointed director of merchant bank Robert Fleming will have reason for self-congratulation.

After spending a year seconded from the civil service to work at Fleming he has switched careers to take a permanent *post* at the bank.

His first corporate finance job is to join with *the* other British tunnel bank Morgan Grenfell in preparations to raise some £500m equity on the *British* market. The *offer* for sale is expected next year.

"Until I walked into the bank I knew nothing about tunnels," admits Ellison. At the Department of Trade and Industry he was responsible for the Telecommunications Bill, and thereafter general policy on the privatisation of British Telecom, and the licensing of Mercury Communications and Racal Vodafone.

Before that he was principal private secretary to Sir Keith Joseph when Sir Keith was *Secretary of State for Industry*, and worked in the Office of Fair Trading.

The two British banks will be working, alongside *foreign* financial institutions to raise, altogether, about £1bn equity capital for the tunnel. Clearing banks NatWest and Credit Lyonnaise are arranging £4.5bn in loans for the project.

Pampered

A New York travel agent's advertisement: "See the Holy Land you've heard so much about" includes the promise that one will "Follow the steps of the ten disciples by air-conditioned luxury coach."

Observer

SIR HECTOR LAING

A paternalist goes for his biggest bite

By Tony Jackson

A STORY from the early days of Sir Hector Laing's chairmanship of United Biscuits tells of him on the company jet to Edinburgh, rehearsing his AGM speech to shareholders: "I am pleased to tell you that my company—damn it, I must stop saying that—*your* company. . . ."

Sir Hector, one of Britain's most prominent industrialists, is a paternalist and proud of it. Shareholders, particularly the large institutional variety, do not come high in his schema of things. They not only buy UB shares, they also sell them. They are not committed.

They are, however, very powerful. Today, UB's $2.4bn bid for the Imperial Group—Britain's largest to date, though matched by Lord Hanson's rival offer—is being put to shareholders for approval at an extraordinary general meeting. If it goes ahead, it will rely heavily on the issue of new equity. At each stage, Sir Hector will need the City behind him.

But he is not entirely happy about the City. As he sees it, . . . balance between management and unions, badly wrong until the recession, is now largely restored. "But I'm not sure the City is in balance yet, and that's the third leg of the stool."

This is partly the familiar complaint of the industrialist about the City's power to enforce its alleged preference for short-term performance. But for Sir Hector there is another aspect. UB, he clearly feels, may in the strictly legal sense belong to the shareholders; but in a moral sense, the real claim lies with him and those who work for the company.

The sense of ownership is a matter of history. The business once belonged to Sir Hector's grandfather, Sir Alexander Grant. The son of a railway porter, Grant went to work for the Edinburgh biscuit firm of McVitie and Price—later to become the main constituent of United Biscuits—and ended up buying it.

Sir Hector's start in the business was correspondingly rapid; his promotion to the board, at the age of 22, came two years before he actually joined the firm. He had gone to the war with the Scots Guards at the age of 19, after an Edinburgh school education and an abortive year at Cambridge, and it was not until 1947, when he was 24, that he returned to civilian life and his directorship of McVitie and Price.

His subsequent training remains the key to his approach to the business. He spent three years at the company's three factories around the country, and then the next 14 running the one at Harlesden in North West London.

Harlesden is now the biggest biscuit factory in Europe, and according to Sir Hector — a production man to his fingertips — by far the lowest-cost biscuit producer in the world. "That's where I learned my trade," he says. "In those days Harlesden was run as a self-contained business, and I was involved in everything, sales as well as production. I signed every order, and ran it like an old family firm."

Some would say he still does. The private jet, for instance, seems out of place in the post-recession leanness of the UB empire. But Sir Hector reckons to speak to half of his worldwide workforce of 30,000 each year, in groups of 200 or less. That is an annual schedule of at least 75 meetings. "The jet saves me time hanging around airports when I could be talking to people," he says.

"I think UB is still looked at as a family business, even in the US. Of course, it isn't really, but if you can get that feel plus efficiency, it's an ideal combination. People like to work for family firms. That's paternalism, but I believe in paternalism. The state is paternalist, but it's too far away."

Sir Hector is an admirer of Mrs Thatcher. "The job of government," he says, "is to keep law and order, and the trade routes open. It used to be thought that the state would look after people, but in fact companies can do it better. To my mind, if you have a problem, at home for example, you should feel you can go to the company for help — and it needn't be cash help, either."

This smacks rather of Japanese attitudes, as Sir Hector instantly agrees. "We have a lot to learn from Japan, just as we have a lot to learn from the army. The further we move away from those two models, the worse for the country."

The army theme recurs. "Too many people came back from the war knowing what leadership meant and then not actually leading. People like to be led, and to see visible leadership. If they don't see it, the troops take control into their own hands. That's what happened in British industry."

The situation, he believes, is now corrected. He played a typically active part. It was he who took out injunctions against the lorry drivers for secondary action in 1970's "winter of discontent," and he had a hand in organising support for the working miners in 1983.

Relations with his own unions are another matter. When he decided to close his Liverpool factory three years ago, with the loss of 1,500 jobs, he at least considered a detailed union plan to save it. The closure was then carefully phased, and is not yet complete.

"The main thing about new technology is getting the time scale right. You need to say to people 'here is the latest technology, but it won't be available for three years, so let's start working towards it now.' If you don't, you have a ghastly business like Wapping, with 5,000 people out of work."

UB in many ways recalls its Scottish origins, particularly in Sir Hector's home town. Such is UB's grip on Edinburgh's baking and catering trade that the visitor may find it difficult to eat without contributing to Sir Hector's turnover.

The AGMs, held in the city's Assembly Rooms, are an odd mixture of get-togethers for his workers — bussed from around the country to attend — and Edinburgh social occasions. Elderly lady shareholders, overcome by Sir Hector's liberality, are to be seen tottering to their limousines to be driven back to their mansions in the wealthy suburb of Morningside where Sir Hector himself grew up.

Since the company long since ceased to be based in Edinburgh, there is plainly an element of sentiment here. Quite right too, says Sir Hector. "I don't want to be part of a business where sentiment doesn't play a role. It's not something to be ashamed of."

Sentiment, however, was presumably not the motive for the world's biggest company, Exxon of the US, when it invited Sir Hector on to its main board two years ago. UB has, in fact, become a true multinational over the past dozen years, the decisive step being the acquisition of the US biscuit company Keebler in 1974.

That was the biggest gamble in Sir Hector's business career to date, and his most spectacular success. The Keebler price was equal to around 60 per cent of UB's market value at the time, and was effectively in loss when it was bought. But the timing was perfect, and since then Keebler has recouped its price many times over.

It is sobering to reflect, though, that Keebler cost just one hundredth of what Sir Hector proposes to pay for Imperial. There is also the question of how long he would be around to direct a much larger merged group. "I won't go on till I'm 80," he says. "Let's say a spread from 60 to 67." Since he will be 63 in May (his rival Lord Hanson is a year older), that leaves him a maximum of four years for the biggest job of his life.

There is one further discordant note. Sir Hector's view of the world is a moral one, and he is unhesitating about his religion: "Christianity is the basis for everything, including the way I run the business." How then does he feel about owning a tobacco company, and what is his answer to the many protests he has already had?

"I understand that attitude, but it doesn't worry me. It's the industrial logic of the deal that comes first." Himself an ex-smoker — 30 little cigars a day — he nevertheless seems uneasy. "I don't think we've got to the bottom of this tobacco lark. My father-in-law smoked and was nearly 90 when he died, with no cancer. It's a question of whether the chemistry's there in the body or not. . . ."

He tails off, plainly not happy with the argument. But as he says, the industrial logic comes first. He is convinced that UB needs the cash flow of a company like Imperial to carry on competing on a world stage; and if peddling the noxious weed is what it takes to keep the company — *his* company — competitive, so be it.

Technological innovation

Why the politicians can't keep their hands off

By David Sawers

THE Western politician has one true love: technology. Not only does he love it with an enduring passion; he truly believes that it cannot survive without his loving care. So politicians of every creed are for ever alert to any argument that could justify subsidies for research and innovation; and, in spite of little local hiccups, the flow of public funds into research and development runs at levels undreamed of 50 years ago.

Economists bear some responsibility for all this subsidy, because they have argued that the commercial incentives to innovate may be inadequate. Professor Kenneth Arrow suggested some 25 years ago that the commercial return on innovation would be much lower than the social return, because the innovator would be able to appropriate only a part of the benefits from his investment. The proportion that he could appropriate would be smaller for major innovations than for minor innovations; and it would be smaller for innovations in general than for other forms of investment. Industry would be argued, therefore invest a sub-optimal amount in innovation; and government support for such activities would be justifiable—though he recognised that subsidies were liable to reduce efficiency.

This view has become the economic norm; the only empirical test of its validity, by Professor Edwin Mansfield, suggested that Professor Arrow was right in believing that the difference between social and commercial returns was greater for large innovations than for small ones. The gap is greatest, however, for long-term research that may never produce exploitable results, but which may provide results which are useful to innovators. So the conventional economic arguments for government support are strongest for basic research, and stronger for major than for minor innovations.

These conventional economic arguments understate the commercial incentives to innovate in a competitive market. The return to innovation in such a market is not just the profit on individual projects, which has to be shared with consumers and imitators; it is the difference between a company's profits with and without innovation, and if competitors are innovating successfully, this may be the difference between profits and losses, if not bankruptcy. The incentive to innovate may therefore be the desire to survive, and a company's existence and profits may be the return to successful innovation.

The stronger is competition in an industry, and the greater are the opportunities provided by technology for innovation, the stronger will be the incentives for a company to innovate because the greater will be the chances of being overtaken. Where competition in industry is strong, as in Japan and the US, innovation seems to proceed faster than where it is weak, as in Europe.

European politicians react to this situation by showing greater enthusiasm for subsidies for innovation than do their American and Japanese counterparts, though the analysis suggests that promoting competition would be a more logical policy. That, however, would prevent the politician helping his love. Supporting basic research is not enough to provide fulfilment: solid, loveable products are required, and so some lucky firms find their innovations supported.

Supporting basic research is not enough to provide fulfilment

Choosing the innovations to support provides some problems for politicians and their advisers. They should, ideally, be supporting activities which would produce an adequate social return but an inadequate commercial return; but no human power can consistently identify such projects *ex ante*, especially when the commercial return will be the difference between the company's profits with and without the innovation.

The British Government's solution to this dilemma has been to devise criteria which are intended to select projects which would not have been undertaken without a subsidy, or would have been undertaken more slowly or on a smaller scale; which involve high risks; but which offer good commercial benefits. Firms seeking aid therefore have to argue that their project is potentially a good commercial prospect, but that the risks would prevent them undertaking it without government help.

The result has been revealed in the Policy Studies Institute's recent review of the DTI's Microelectronics Applications Programme. Its analysis of the projects accepted and rejected for support under this programme suggested that the projects supported were better commercially than the projects rejected by the DTI, but still undertaken by the applicants with their own money; evidence which implies that the projects supported would mostly have been undertaken with the companies' own money if aid had not been provided, even though the criteria required the firms to prove the opposite.

The PSI considered that these criteria were delaying the introduction of desirable innovations, and should therefore be dropped: support would then be given to any commercially attractive innovations in areas which the DTI thought desirable. Such a policy would hardly promote innovations which were socially desirable but commercially unattractive, as the economic orthodoxy recommends; it would simply make innovation more profitable for the favoured firms. They might then innovate more; but the main beneficiaries would be their shareholders and employees.

The welfare of the community will only be increased if a subsidy leads to activity that would not otherwise have happened, and which produces a good social return on the resources it employs.

If human beings were wiser than they are, they might be able to identify projects which would produce an inadequate commercial return yet an adequate social return; but until this millenium is attained, governments will benefit their communities by abjuring support for such projects. Politicians may be reluctant to accept such denial of their desire to give visible support to their much-loved technology, but their desires unhappily conflict with economic rationality.

Letters to the Editor

General Motors and Leyland

From Mr M. Eastoe

Sir,—I am an English citizen living in the United States and for many years previously, worked for both Ford Motor Company and British Leyland (including Land Rover) in senior management positions, so I am fascinated by the events taking place in England right now regarding the purchase of parts of British Leyland.

I can quite understand the British Government's dilemma in choosing a purchaser, particularly for Land Rover, which is as British as Marks & Spencer, but based on my previous experience and regardless of the political consequences, there can only be one choice to purchase Land Rover and that is General Motors.

The Land Rover company provides a good basis for a successful worldwide 4 x 4 manufacturer, but that is all. Currently it lacks the money, management expertise and distributor/dealer network, to be anything but a small marginally profitable company with a declining market share. Vast amounts of money will be necessary to update the current Land Rover and Range Rover model ranges to even bring them close to the already existing and rapidly improving Japanese and American four wheel drive vehicles in terms of sophistication, style and showroom appeal. Highly paid designers and engineers, with experience of world markets and operating in a major multinational company environment will be necessary to initiate such a programme.

Production capacity, particularly for the Range Rover, must be increased and Land Rover's manufacturing techniques, which relate more to a Meccano set than building large numbers of automobiles efficiently, must be improved and brought up-to-date. This all adds up to a huge initial investment which will not bring an immediate return. All of these resources would be extremely difficult to find within any British company, notwithstanding the fact that any new investors would have to wait years for any adequate return. Land Rover to survive, therefore, must be sold to a motor industry giant, not to asset strippers or its previous management, who have not shown any great talent for manufacturing and selling Land Rovers profitably in the past. The only option is to sell it to General Motors, which has all the resources necessary in abundance and in addition, offers very significant advantages.

It actually wants to buy the loss making Leyland Vehicles division and has the capital and the need to develop it rather than close it down or reduce the scale of its operations. The other bidders do not have this capability or need whatever they may declare. General Motors has a very well developed, ready made worldwide distribution network, including commercial vehicle and top-of-the-line luxury car dealers, into which Land and Range Rover would fit perfectly. It is the biggest and most successful vehicle manufacturer in the United States (a market that Land Rover says it wants to enter).

I believe the sale of Land Rover/Leyland to General Motors would mean more jobs and more prospects in the Midlands and north west of England, not less and would also ensure the continuation of Land Rover in particular as an important four wheel drive manufacturer worldwide. None of the other bidders can offer this and all of them, I believe, must inevitably come to the conclusion that Leyland Vehicles in particular, is not viable and, therefore, must be shut down—so General Motors remains the only possibility, however politically difficult. After all, what really matters is the survival of Land Rover/Leyland and all its jobs, not who owns it.

Mike G. Eastoe.
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As seen on TV

From Mr J. Mosley

Sir,—It really is time that Christopher Dunkley (March 12) understood that it is the public's perception of what should be screened on TV, and when, that must take precedence over that of the programme maker.

As regards the withdrawn programme on AIDS and homosexuals, the maker acknowledges that he is making good an alleged omission on the part of the authorities to tell gay men how to make their sex lives safe. To go on to say that everyone needs to be informed on that subject, however, is to imply that everyone is at risk from AIDS by reason of a lack of knowledge of safe homosexual practices. Clearly, this is utter nonsense. Safe homosexual practices are patently a matter of minority interest which — even in these enlightened days —it is quite wrong to publicise through the medium of home TV.

As for incest, the reasons for the decision, while differing from those which led to the withdrawal of AIDS and homosexuals, are equally valid.

Children fantasise about many programmes such as The A Team. They are however, also notorious imitators—forbidden fruit and all that—and therefore the point of a serious programme about incest may, at best, be lost on them and, at worst, have the opposite effect of that intended. Furthermore, a child, even with the necessary knowledge, is not best placed to avoid or prevent incest. It is surely far more sensible and important for adults to be able to recognise and react to the existence of or tendency towards incest in their own or someone else's family. This is somewhat akin to the problem of hard drugs, except that incest victims are frequently too young or too helpless to respond to a direct appeal.

Thus the decision to screen the programme late at night is eminently sensible and justified, as it is at that time that those with the greatest need to know are most likely to see it.

Not only is there no basis for criticism of either of the decisions of which he complains, but Christopher Dunkley crosses the line of "fair comment" when he suggests that together they prove that public discussion of the subjects is being actively suppressed. While controversy is to be encouraged, it must be supported by credible arguments. By descending to vituperation—the last resort of one who lacks cogent argument—Mr Dunkley appears to have rendered himself unfit to take part in any debate on a matter of "public" interest. He would therefore do well, for the future, to resist the urge to see minority issues as matters of great moment.

J. K. Mosley.
17 Kibworth Close,
Whitefield, Manchester.

No helping hand

From the Manager,
Giant Games

Sir,—My experience has indicated a way the Government can reduce unemployment. We wanted a new clerical worker and approached the Jobcentre. They were unhelpful and appeared to be only concerned with the job from the employee's point of view. Their phones were often engaged, they closed early, and generally were not marketing their services or those of the unemployed effectively. In the end we decided not to use them and have trouble and expense finding suitable staff.

Why not make the Jobcentres effective marketing agents for the unemployed? Jobcentres could write or phone all local firms regularly, say twice a year, offering their services for recruitment. If they were half as effective as other high street labour agencies they would have a much more energetic approach to employers. Why, for instance, aren't they open all day Saturday, and why don't they have a mailing list of employers?

This won't eradicate unemployment but it would help. We might have had one more employee now if the Jobcentre had actively marketed one individual's labour.

Angus Hanton.
16, Dalberg Road, SW2.

High interest rates

From Mr B. Strand

Sir,—Lord Jellicoe, chairman of the British Overseas Trade Board warns (March 13) that Britain suffers an underlying weakness because labour costs were increasing at a faster rate than in competing industrial nations.

He should be aware that a more serious matter is the fact that interest rates upon finance for working capital has been allowed by the U.K. Government to run at 6 per cent above the rates in Japan, West Germany and Switzerland for at least 3 years.

This is further compounded by the decision of Department of Trade and Industry to cancel the bank guarantee scheme that provided support to small exporters. Our bank's alternative will cost my company £12,000 in extra fees and interest, thus loading the exporting manufacturer with extra costs and favouring further the UK banking sector. To cover this additional cost we will need to increase our exports by 7½ per cent.

Yet another own goal by the *DTI in this year of industry!*

B. Strand
Thomas Mercer Ltd.
Eywood Road,
St Albans, Herts

A premier card

From the Chief Executive,
Barclaycard.

Sir,—The otherwise excellent article on the usefulness of credit cards for businessmen travelling abroad (business travel survey, March 12) may have confused readers impressed by the exhaustive list of uses attributed to the "Visa Premium" card.

Anyone applying for such a card would be disappointed—as no such card exists. The card referred to is in fact the Barclays Premier Card, which performs all the many services for business travellers listed in the article, is accepted at 4.7m Visa outlets worldwide.

Peter Ellwood.
54, Lombard St, EC3.

FINANCIAL TIMES

Tuesday March 18 1986

LEADING DELEGATES CALL FOR FURTHER ASSESSMENT OF LIKELY DEMAND

Opec deadlocked on output curbs

BY RICHARD JOHNS IN GENEVA

OPEC yesterday made no visible movement towards breaking the deadlock within the organisation over whether to resume efforts at restraining oil output in a bid to raise prices.

Several participants acknowledged that the decision of chiel delegates to ask a committee of experts to reassess supply and demand in 1986 was a device to allow more time to appraise the chances of a compromise.

Saudi Arabia and Kuwait are understood to be still committed to the *view that Opec can achieve nothing* without the collaboration of non-member producers, including the UK and Norway. But they feel they need to discuss seriously the question of production restraint.

After a morning session – confined to chief delegates – on the second day ol the Opec ministerial conference in Geneva, the meeting broke up for bilateral consultations among ministers. It will resume formally today to review the market assessment.

At the start of the conference, ministers had before them the assessment of Opec's market monitoring committee, which appeared to make another rapid study of market prospects unnecessary. The committee had estimated average demand for member states' oil at about 16.3m barrels a day (b/d) compared with the ceiling of 16m b/d agreed in 1984. That level is still formally in force, although it was effectively abandoned by the confused decision in December to concentrate on the recovery of global market share for the group.

Mr Arturo Hernández Grisanti, Venezuelan Minister of Energy, *who is currently president of Opec,* said at the lunch-time break that "no concrete proposals" and "no specific ceiling" on output had been discussed.

That showed the tentative nature ol the exchanges between the group of Arab producers of the Gulf, led by Saudi Arabia, which is bent on forcing *non-members* into collaboration, and those calling lor a return to production restraint, composed of Algeria, Iran and Libya, with apparant backing now of Nigeria.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Petroleum, is understood to have assured chief delegates of Algeria, Iran and Libya that Saudi Arabia would be prepared to curb its output (currently running at the full entitlement conceded by other members under the old pact) if other Opec producers observed their commitments and non-members collaborated.

One big question mark over the Kingdom's strategy remains its attitude *towards* the involvement of North Sea producers in a global effort to support the market and revive revenue, as a condition for ending the "price war."

Another related issue is how long Saudi Arabia thinks it necessary to convince – in effect by punishment – other members about the need lor Opec discipline after nearly four years of efforts to observe agreed *production quotas and official selling rates.* Those efforts broke down last December with the decision to compete for recovery of market share.

The 13 members have scheduled talks lor tomorrow with five other important net exporters – Mexico, Egypt, Oman, Malaysia and Brunei. Some delegates feel their collaboration would be enough to stop the rot but appreciate also thet the friendly producers joining them in Geneva will need to be convinced about Opec's resolve and capacity for self-discipline.

At a press conference, Mr Abdul-Hamid Khandil, Egypt'a Minister of Oil, indicated his country's willingness to collaborate but also its desperation as a result of surplus supply and the collapse of oil prices.

He said that Egypt'a production was down to 700,000 b/d, but the latest edition of the well informed Middle East Economic Survey reports that that has been running at *580,000 to 880,000* b/d *over the past* two months. With domestic consumption at 450,000 b/d, that would leave a relatively small margin for export.

Mr Khandil expressed doubts as to whether the oil price could be raised to much above $20 a barrel hy the end of the year, and indicated that Egypt's co-operation with Opec would depend on the proposals made to non-members.

On that point, it is understood that Opec is unlikely to reveal any agreement it might reach before discussions with the five non-member producers.

Ferruzzi's bankers buy 9% stake in Berisford

By Lionel Barber in London

BARCLAYS Merchant Bank of the UK, acting on behalf of Ferruzzi, the Italian food and agricultural group, yesterday bought a 9 per cent stake in S & W Berisford in a move seen as a prelude to a full bid by Ferruzzi for the British commodity trading and sugar group.

Barclays is believed to have paid 225p per share for its stake in Berisford which values the whole group at around £430m ($628m). Berisford shares closed at 225p, up 24p on the day.

The entry of Barclays follows protracted discussions between Ferruzzi, which controls Europe's biggest sugar conglomerate, and Berisford, whose principal attraction for the Italians is its subsidiary, British Sugar Corporation, the UK sugar beet monopoly.

These discussions were aimed at *allowing the Italians to separate* British Sugar from Berisford at an agreed price of around £340m and then allowing Mr Ephraim Margulies, Berisford's chairman, to launch a leveraged buy-out for the rest of the business, at e value ol around £140m.

Last weekend, however, these complex discussions reached an impasse. A further reason for Barclays buying the Berisford stake was the rapid accumulation of Berisford shares by Hillsdown Holdings, the acquisitive UK food manufacturer which holds 10.6 per cent. *Tate & Lyle, the UK sugar refiner,* has also acquired just under 3 per cent ol Berisford.

Mr John Standen, of Barclays Merchant Bank, said last night that the share buying yesterday was designed to protect the position of the bank's client. "What we originally thought was going to be a one act play has turned out to have several acts. The cleanest way out is to have e bid."

However, before Ferruzzi can launch a bid, it needs to obtain the approval of certain Italian authorities. It is understood that this is the reason for Barclays Merchant Bank making the initial share purchases.

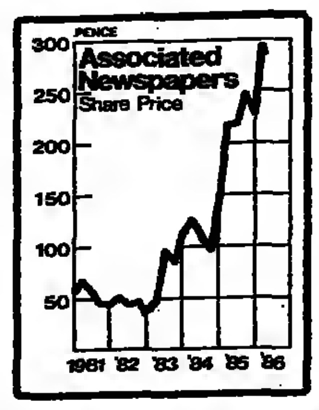
Ferruzzi, Italy's third largest private sector company by turnover ($6.28bn annually), last week announced plans to raise L702.6bn ($455m) by means of share and bond issues for its quoted subsidiaries, Agricola (agriculture) and Silos (transport and service). Though these subsidiaries are quoted on the Milan bourse, the lamily-held group has never published a consolidated balance sheet.

The acquisition of British Sugar by Ferruzzi would give the Italian group a total EEC production quota of 2.74m tonnes e year, or 22.5 per cent of the total European quota.

THE LEX COLUMN

Double or quits for Opec

The stock market may be raring to remove an underperforming anomaly and mark up the major oil shares, but the Opec meeting in Geneva has so far given it only small encouragement. The fact that an experts' committee is to report back today on the likely level of quarterly demand presumably means that demand matters, and the cavalry charge for market share may have faltered. But Saudi Arabia and its friends seem still to want to teach unruly fellow-members and the world a lesson. The re-*introduction of a production regime* at last year's levels might cheer the market, but it will not double the oil price.



Morgan Grenfell

In the rough, tough world ol post-Big Bang banking, the theory goes, there will be places lor small specialists and large *generalists but* not for the in-betweens. Morgan Grenfell's answer is to try to join the hig league of international banks and to do that it needs more capital, as it *admitted* when it joined merger discussions with Exco.

Unless that deal can be revived following the vote by foreign exchange and currency deposit brokers yesterday to abandoo the O'Brien rules, which prevent a bank and a money broker combining, the bank must look elsewhere.

Barring a tie-up with another cash-rich, but *conflict-free,* partner, Morgan is looking to its shareholders for money, shunning an approach to strangers through the stock market. Pre-tax profits, after *transfers to inner reserves,* up 40 per cent last year to £54.5m, compound growth of earnings per share and dividends over five years of 26 and 30 per cent, are just the sort of noises that should encourage the bank'e select group of investors to put up more cash.

They could throw in another £100m, on the basis that Morgan would be capitalised at £400m or so if it were listed, and it is nearly two years since the last rights issue. By piling on loan capital, too, a mere £57.4m at the end of 1985, Morgan could take its capital base up from £270m to £550m plus.

The snag is that while shareholders' money is cheap, loans are not. But applying that more expensive capital to riskier husinesses such as *market-making* and *equity bought* deals could dent Morgan's profit record. Taking large equity positions on more than one client's behalf is a quick way to find out.

British Airways

If the Government really does issue a prospectus for British Airways this year, it will have to be a remarkable document. The weekend bickerings may have succeeded in bouncing the cabinet (appalled by the feint, if such it was, at a management buy-out). But they have done nothing to improve the airline's corporate image. Assuming that such minor problems as Bermuda Two and contingent liabilities *on* Laker-inspired class actions can be overcome, it remains to shape a balance sheet that takes account of the probable need for a new fleet of long-haul jets. And the policy of belt-tightening to produce a healthy profit trend ahead of flotation will coma under increasing strain – from staff pressure for bumper waga increases, if nothing else – the longer that flotation is delayed.

Associated

For a group that plans the Great Leap Eastwards, Associated Newspapers is not exactly leaning on its shareholders: given the £150m or more to be spent on moving to London's Docklands, yesterday's 1-for-*10 rights issue* to *raise just under* £30m is modesty itself. If the Daily Telegraph's fund-raising foundered on the absence of equity, both Fleet Street and the City of London have taken the point. Associated appears to be raising the absolute minimum of equity to comfort the banks financing the move, and the absolute maximum for a family trust fearful of dilution.

With little debt other than project finance on its books, Associated's *share price rose strongly last year* on notions of a juicy break-up value. This was implausihle given the trust's hlocking stake. But Associated is still sitting on realisable assets in the lorm of its Reuters' stake, Euromoney (which could be floated on a comfortable multiple) and the soon redundant properties off Fleet Street. But now that News Interna*tional has let the cat out of the bag* on the profitability ol national titles last year, Associated can probably get hy on the cash flow from its national newspapers and meet even Fleet Street redundancy payments *without burning equity.*

France

Much of the Paris Bourse's recent strength must heve been due to the expectation of a heavy right-wing victory at the assembly elections. The important question – how much of that strength – will probably not be answered with any clarity until after President Mitterrand appoints a new prime minister. Yesterday's trading was agnostically thin; after a morning session of pessimistic and largely loreign selling, the market reverted to approximately the level of last Friday morning.

It can be argued that the absence ol a decisive move to the right will be helpful to the secondary market, since it is likely to result in a more moderate flow of privatisation issues. The main question of financial policy, whether to devalue the franc within the EMS, will moreover have to wait upon the formation of a government. So there is no immediate reason, other than plque or the unwinding of pre-election political gambles, why the market should do anything other than circle at about its current level. Aggressive funds will certainly be looking for a chance to pick up stock if the market falls. Most likely, the lack of a *landslide* will be taken internationally as an assurance of business as usual.

Denmark may back down on tax plan

By Hilary Barnes in Copenhagen

DENMARK'S minority Government may have to drop a proposed increase in value added tax (VAT) and a planned reduction in the weight tax on cars and to accept instead alternative measures put forward by the opposition.

The non-socialist coalition unveiled the two tax measures on Friday as part of a DKr 11bn ($1.3bn) package intended to halt the recent deterioration in the country's current account deficit.

Trade unionists protested yesterday against the so-called "Easter parcel" ol tax increases. Strikes chiefly affected schools and day-care centres, and about 50,000 people attended a demonstration organised hy puhlic sector unions outside the parliament building.

The Radical Party, which holds the balance between left and right in the Folketing and on which the Government relies for its majority, has rejected the increase in the VAT rate from 22 per cent to 23 per cent, as well as the reduced weight tax.

The Radicals, however, are in basic agreement with the Government on the need for fiscal measures and a compromise is therefore expected.

The Easter parcel includes increases in energy taxes worth DKr 6.1bn, neutralising this year's fall in oil prices, as well as increases in excise taxes on alcoholic beverages, tobacco goods and a variety of household goods such as video recorders, television sets and refrigerators. The tax on charter holidays also goes up.

The Government estimates that the DKr 11bn increase in taxes, about 2 per cent of GDP, is broadly in line with the increase in domestic demand which would otherwise *arise from falling* energy prices and the depreciation ol the dollar.

Denmark's current balance ol payments deficit rose to a record DKr 28bn last year, taking net for*eign debt to about DKr 243bn,* or just over 37 per cent of GDP.

The rapid expansion of domestic demand since Mr Poul Schlüter took office as Prime Minister in the autumn of 1982 has created about 150,000 new jobs and reduced unemployment from a peak of about 283,000 in 1983 to about 230,000 last year, but these achievements were accompanied by an increase in the current account deficit from DKr 11bn in 1983 to last year'e DKr 28bn.

GEC will sell 49% of Osram lighting group to Siemens unit

BY JASON CRISP IN LONDON

THE GENERAL Electric Company (GEC), the British electricals and electronics group, has agreed in principle to sell 49 per cent of Osram (GEC), its lamp and lighting subsidiary, to Osram GmbH e subsidiary of Siemens of West Germany.

The move, which was widely expected within the industry, gives the GEC subsidiary access to products and technology from the much larger Osram GmbH.

Osram (GEC) has sales of about $87.9m a year, mostly in the UK. Osram GmbH is the fourth largest lamp manufacturer in the world with sales last year of DM 1.2bn ($530.9m).

A joint company, Osram-GEC, which GEC says will "benefit from access to the research and development, production technology and international selling organisations of its parent companies," will be formed. However, competitors expect GEC to eventually sell the remaining 51 per cent.

Osram (GEC) has several joint ventures in other countries with rivals in the lighting business such as Philips and Thorn Lighting which could be jeopardised if ownership were to pass from GEC at this stage.

GEC would not say yesterday how much It will receive for the sale or why it had not sold all of the subsidiary to Siemens.

Osram (GEC) employs about 2,500 people with plants in Wembley in north west London, Manchester, and Birmingham in the Midlands. Mr Patrick Samsom, managing director, said there were no plans for rationalisation as a result of the deal.

The British company has the Osram trade mark in the UK and a number of countries, mostly former colonies. Osram GmbH does sell in the UK but under the name Wotan.

Thorn Lighting, part of Thorn *EMI, is the largest manufacturer of* lamps and light fittings in the UK and employs 10,000 worldwide.

Philips, the Dutch electricals group, is the world's largest supplier of lighting equipment with sales of about $3.6bn.

However, margins in the lighting business have been slim, particularly in the domestic area where there is little differentiation between brands and growing competition from the Far East and the Eastern bloc.

Hanson boosts Imperial hold

BY MARTIN DICKSON IN LONDON

HANSON TRUST, the aggressive UK industrial conglomerate, yesterday significantly strengthened its hand in the £2.4bn ($3.48bn) takeover battle lor Imperial Group, the British tobacco-to-brewing husiness, when it announced that it now spoke for 21 per cent of Imperial's shares.

It said its increased and final of-ler had been accepted by the holders of 12 per cent of Imperial'a shares by last Friday, the first closing date. It has also built up a 9 per cent stake with market purchases.

The *level of acceptances was* much higher than had been widely expected because a rival and recommended hid for Imperial from United Biscuits is still at an early stage of the takeover timetable. In such circumstances it is unusual for an offer to attract substantial support by its first closing date.

Mr Martin Taylor, a Hanson director, said the group was pleased by the level of support, particularly given that institutional shareholders usually liked to hang on to the last possible moment

However, United, which has bought 14.9 per cent of Imperial's shares, said Hanson must be disappointed with the figures. It argued that because the Hanson offer was a final one this was not a normal first closing date. The acceptances level was therefore unimpressive. It also pointed out thet at this stage in *the Hanson bid timetable, sharehol*ders could easily withdraw acceptances.

"By far the majority of Imperial shareholders remain unconvinced by Hanson's *bid,* which continues to lack commercial advantages," said Sir Hector Laing, chairman of United.

Hanson has extended its offer until next Monday, March 24.

Shareholders in United will vote today at an extraordinary general *meeting* on *whether* to *give its* board the go-ahead to acquire Imperial, a company more than twice United's size.

United'a offer which has not been declared final – reaches its first closing date this Friday.

Shares in Hanson closed last night et 179p – down 2p on the day – giving its shares and convertible stock offer a value of 367p *for* each Imperial share, while its shares and cash offer is worth 332p.

United'a offer of shares, cash and convertible preferred shares is worth about 334p *on* the basis ol United's closing price of 239p; down 1p. Imperial shares closed at 333p, up 1p.

Mexicans plan to stimulate non-oil exports

Continued from Page 1

The Government has also announced the deregulation of air, sea and land transport to reduce freight costs.

The authorities repeated their commitment to maintain a "competitive" exchange rate since November, the controlled rate has depreciated 8 per cent e month through the daily fixing mechanism.

Implicit in the package *is the* assumption that credit-starved manufacturers may turn their sights towards foreign markets, if only to obtain access to the credit and other privileges. With the Government currently monopolising 93.2 per cent of all the resources in the nationalised banking system, there is virtually no other private sector credit available.

Mexico's trade surplus fell 35 per cent last year to $8.4bn, partly as a *result of falling* oil *revenues* hut also because of a premature expansion of the economy

Stockbroker charged in Belgium

MR MARC STAMPAERT, a Belgian stockbroker, has been charged *with alleged forgery and "abuse of* confideoce" in connection with a recently discovered fraud at a Belgian mutual fund, a spokesman for the Brussels prosecutor said yesterday, **AP-DJ reports from Brussels.**

Mr Stampaert, a partner in Brussels stockbroker M Stampaert, will appear before a judge et the end of the week. He was arrested *on* Sunday.

The charges against *Mr Stampa*ert are linked to an alleged fraud that was discovered recently at a Belgian mutual fund, Interselex Belga Fund. Mr Stampaert, alleged*ly in liaison with an employee of* the fund, is charged with having made a market on the basis of fictitious share orders on behalf of the fund.

The two allegedly were placing orders for the shares on the Belgian stock exchange, selling them at e later date and making a profit with the difference. The fund lost BFr 183m (nearly $4m) as a result, according to *SA* Interselex, the manager of the fund.

Belgium's biggest bank, Generale de Banque, which has a stake ol 90 per cent in SA Interselex, said that *it had entirely covered the loss.*

Interselex Belga Fund was formed after the adoption ol Belgian legislation giving tax breaks to individuals buying stock. The law, *which expired* at the *end of 1985,* allowed individuals to purchase stock through special mutual funds. Interselex Belga Fund has assets of more than BFr 20bn.

The Brussels stock exchange yesterday suspended all the activities of M Stampaert at the bourse.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Dubrovnik	C	10	50	Malta	F	16	61	Rhodes	F	16	61
Algiers	S	22	72	Edinburgh	S	7	45	Manchester	F	9	48	Rio de J'o	C	31	88
Amsterdam	Fg	6	43	Faro	F	16	61	Manila	S	37	99	Rome	S	15	59
Athens	F	10	50	Florence	S	13	55	Melbourne	—	—	—	Salzburg	S	10	50
Bahrain	S	25	77	Frankfurt	S	12	54	Mexico City	S	26	79	San Francisco	F	14	57
Bangkok	S	33	91	Funchal	F	17	63	Miami	C	25	77	Seoul	S	9	48
Barcelona	F	14	57	Geneva	S	11	52	Milan	S	10	50	Singapore	F	31	88
Beirut	S	21	70	Gibraltar	C	15	59	Montreal	S	-3	27	Stockholm	S	4	39
Belfast	S	7	45	Glasgow	F	6	43	Moscow	S	4	39	Strasbourg	S	14	57
Belgrade	F	6	43	Guernsey	Fg	9	48	Munich	S	9	48	Sydney	C	25	77
Berlin	S	8	46	Helsinki	S	3	37	Nairobi	C	12	54	Taipei	C	21	70
Biarritz	F	15	59	H. Kong	D	17	63	Naples	S	16	61	Tangier	—	—	—
Bombay	S	36	97	Innsbruck	S	11	52	Nassau	S	30	86	Tel Aviv	F	20	68
Bordeaux	C	10	50	Inverness	S	7	45	New Delhi	C	23	73	Tenerife	F	19	66
Brussels	S	9	48	Islamabad	S	14	57	New York	F	15	59	Tokyo	S	11	52
Budapest	S	7	45	Istanbul	F	5	41	Nice	S	15	59	Toronto	C	1	34
B. Aires	S	30	86	Jakarta	C	32	90	Nicosia	C	23	73	Tunis	F	16	61
Cairo	S	22	72	Jersey	S	9	48	Oporto	F	13	55	Valencia	C	15	59
Cape Town	S	23	73	Jo'burg	R	18	64	Oslo	Sn	-1	30	Venice	S	10	50
Caracas	C	27	81	Lima	F	18	64	Paris	C	15	59	Vienna	S	5	41
Casablanca	F	17	63	Lisbon	S	15	59	Peking	—	—	—	Warsaw	S	8	46
Chicago	R	7	45	London	S	11	52	Prague	S	7	45	Washington	—	—	—
Cologne	C	11	52	Los Angeles	C	14	57	Reykjavik	F	0	32	Zurich	S	15	59
Copenhagen	S	4	39	Luxembourg	S	10	50								
Corfu	F	12	54	Madrid	S	12	54								
Dallas	—	—	—	Majorca	F	17	63								
Dublin	S	8	46	Malaga	F	16	61								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Pretoria aims for cautious growth

Continued from Page 1

budget will remain in force for the current fiscal year while the tax rate on non-mining company profits remains unchanged at 50 per cent.

The 10 per cent import surcharge *on items not subject* to Gatt rules imposed last September also remains in force, except on books, although the 125 per cent excise duty on imported fully assembled cars is *reduced to 100* per cent.

The Minister also announced that levies to be imposed on businesses following the introdnction of regional service councils later this year would be 0.1 per cent of turnover, while services would pay 0.25 per cent of the total payroll.

Mr du Plessis said taxes paid by gold mines in the 1985/6 financial year rose to a record R3.05bn, way above the R2.44bn budgeted following the effect of rand depreciation on profits.

With the strengthening of the rand, however, this year's tax take from the gold mines was expected to fall 7.7 per cent to R2.82bn, he added.

Between December 18 and March 14 the rand appreciated by 29.9 per cent against a basket of currencies and by 36.1 per cent against the dollar.

Mr du Plessis also announced a 5 per cent across-the-board cut on net normal personal tax and a reduction in the maximum marginal rate to 47.5 per cent from 53.5 per cent together with concessions for working wives. To encourage *savings he* douhled the tax-free interest income concession to R500, but rejected calls from the insurance industry for special concessions on pensioo and annuity funds or life insurance premiums.

He said that in view of the capital repayments standstill on $14bn of the country's $24bn foreign debt last September "no provision is made to take up new foreign loans in 1986/7."

Mr du Plessis said spending on defence would rise to 13.7 per cent of the total or hy R849m to R5.12bn.

Speoding on educatioo, at R6.08bn, remains the largest single item of expenditure. It shows a 19.3 per ceot increase ol R1.04bn

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday March 18 1986

Battle intensifies for Baldwin-United assets

BY WILLIAM HALL IN NEW YORK

KAUFMAN & BROAD, the Los Angeles-based financial services group, has offered to take over the $4bn annuity business of Baldwin-United, the failed insurer. It says that under its plan Baldwin policyholders could recieve close to $1bn more than under a rival plan proposed by Metropolitan Life, the second biggest US insurance company.

Kaufman & Broad's life insurance subsidiary, Sun Life Group of America, says that its plan would guarantee that Baldwin-United's 185,000 policyholders would receive on average at least an 8 per cent return on their investment from the beginning of the rehabilitation period.

In addition, Sun Life will offer annuity holders the right to exchange their exisiting Baldwin-United policies for new policies which would guarantee them an average minimum 11.6 per cent return from the date of exchange to the end of the rehabilitation period, and 9.1 per cent thereafter to October 31, 1990.

Mr Eli Broad, chairman of Sun Life, said: "We believe that Baldwin-United policyholders have already suffered enough and our goal is to assure that their interests are safeguarded. For this reason we are offering very good rates, but we have contracted that we will invest only in US Government or high-quality corporate securities and thet Kaufman & Broad's full capital resources stand behind the transaction."

Mr Broad, who is also chief executive of Kaufmann & Broad, said that the Metropolitan Life and Sun Life proposals should "be judged solely on which provides the highest possible benefits to policyholders, given the parameters of safety and security." Sun Life's proposal "unquestionable meets these objectives," he said.

"Metropolitan Life spends a great deal of time in their proposal talking about their participation on behalf of the insurance industry in phase one of the overall enhancement effort.

"While we commend their role as an industry spokesman in this phase, we fail to see why Baldwin-United policyholders should now have to sacrifice as much as $975m of additional benefits from Sun in order to pay for Metropolitan's participation in phase one," Mr Broad said.

Los Angeles group in rival $364m offer for Warnaco

BY WILLIAM HALL IN NEW YORK

WARNACO, the US clothing manufacturer seeking shareholder approval for a management buyout, has attracted a rival $364m cash bid from a group of Los Angeles investors.

W. Acquisition Corporation (WAC) yesterday announced it was offering $36 a share in cash for Warnaco, based in Bridgeport, Connecticut. The offer compares with a management offer of $27 a share in cash and $13 principal amount of junior subordinated discount debentures. Warnaco shares jumped $2¾ to $36¾ in early trading yesterday.

WAC was formed by a group of investors with "extensive management experience," headed by Mr Andrew G. Galef, a principal of the Spectrum group, a Los Angeles-based investment firm.

WAC will be capitalised at $500m by equity and debt securities placed privately through Drexel Burnham Lambert, the New York investment bank which says it is "highly confident" it can arrange the financing.

Mr Galef said his proposal was superior to the pending leveraged buyout proposal by Warnaco management. He said his offer was all in cash but the management offer was only part cash and included debt securities that did not call for interest payments until the sixth year.

"Under these circumstances, WAC believes the directors of Warnaco, having already decided that it is in the best interests of Warnaco's shareholders that Warnaco be sold, are under a fiduciary duty to Warnaco's shareholders to consider and accept WAC's offer," Mr Galef said yesterday.

The other members of WAC's management team are Ms Linda J. Wachner, former chief executive of Max Factor and managing director of Adler & Shaykin, a New York-based investment group, and Mr Jeffrey S. Deutschman and Mr Frank A. Grisanti, both principals of the Spectrum group.

Warnaco manufactures, imports and sells menswear, including sportswear, shirts, sweaters and ties, and womenswear.

Crédit du Nord trebles earnings

By David Marsh in Paris

CRÉDIT du Nord, the French retail bank, trebled net consolidated profits to an overall FFr 91.5m ($13m) last year from FFr 31.6m in 1984.

The parent company's share in group profits was FFr 88.7m against FFr 29.8m the previous year. Net profits of the parent bank rose to FFr 52.3m from FFr 25.3m. Leaving aside long-term capital gains, last year's profit came to FFr 38.7m (FFr 20.5m in 1984). Operating profits before provisions and depreciation rose 32 per cent to FFr 597m. Provisions rose 37.9 per cent to FFr 372m.

The improvement in profits comes after considerable efforts made by the bank since nationalisation to increase its share of the retail banking market and restructure the Ribourel property development company in which it took a 50 per cent stake – since increased to full ownership.

Exposure to losses at Ribourel drove Crédit du Nord into deficit in 1982. The bank has also recently declared that it will need to cut its present workforce of 9,500 by more than 500 in order to adapt to higher productivity.

Mr David Dautresme, who chaired Crédit du Nord after its nationalisation in February 1982 until he quit in January this year to become a partner in Lazard Freres, had already taken steps to cut the workforce. The new planned round of staff cuts has been viewed in France as a test case, preparing the ground for job cuts in other big French banks, which are relatively overmanned by international standards.

However, Mr Bruno de Maulde, the new chairman, said last month that no redundancies would be made

FRENCH CAR GROUP EXPECTED TO BREAK EVEN AFTER 11 YEARS OF LOSSES

Citroën about to turn the corner

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

CITROËN, the French car producer which has sustained losses nearly every year since it was taken over by the Peugeot group in 1974, will at last break even in 1986, according to Mr Xavier Karcher, director general of Automobiles Citroën.

He says Citroën's sales rose by 15 per cent last year to FFr 32.4bn ($4.6bn) from the 1984 level and that its loss was more than halved to around FFr 500m.

The company continued to invest heavily in 1985, Mr Karcher reports – spending FFr 3.8bn, of which FFr 2.6bn went on buildings and machinery.

The investment budget this year will be FFr 1bn more than in 1985 because the Peugeot group has decided Citroën should have its own full range of models and also play its own international role.

Mr Karcher says it has been decided in principal that Citroën will enter the US car market with models to compete in the fast-growing European luxury import sector, currently dominated by the West German companies.

But Citroën will have to wait until it has a suitable new model. The mid-sized BX model was designed to meet North American safety and anti-pollution standards but is not suitable for the US because of its shape: it is a five-door hatchback and Americans consider hatchbacks to be downmarket cars.

Mr Karcher will not be drawn about future model programmes but industry observers suggest the first Citroën car to enter the US luxury sector will be the replacement for the top-of-the-range CX, due in late 1988 or in 1989.

It has yet to be decided whether Citroën should set up its own dealer network in the US or share the Peugeot network.

Citroën continues to aim for productivity improvements of between 6 and 7 per cent anually and, as part of this process, it cut 6,000 jobs in 1984 and another 1,300 last year.

Two small facilities – s foundry at Clichy, near Paris, and the GS engine factory at Nanterre – were closed on December 31. This involved the loss of about 800 shopfloor jobs, mainly among guest workers who are being encouraged by Citroën to return home, and 450 staff jobs.

Mr Karcher says that Citroën will decide if further jobs must go at the end of this year by which time it will have a better idea about the way the BX car and the Visa C15 van have held up to new competition from state-owned Renault in the shape of the Renault R21 saloon and the van based on the R5.

The BX accounts for sbout 50 per cent of Citroën's vehicle output and the Visa van a further 25 per cent. Mr Karcher says he welcomes the arrival of the R21 – "it will motivate our sales force to obtain better results. Competition always leads to progress."

He predicts that, instesd of damaging BX sales in France, the R21 and BX between them will push back imports from their domestic market.

UK newspaper group to raise £130m and cut workforce

BY RAYMOND SNODDY IN LONDON

ASSOCIATED Newspapers publishers of the UK Daily Mail and the Mail on Sunday, is raising £130m ($189m) for new development, in particular, plans to build a new printing plant in London's Surrey Docks.

As part of the financial packaga the group is raising £29.6m through a one-for-10 rights issue priced at £2.50.

The news of the financial package came at the same time as an announcement that Associated had reached agreement with its printing unions for job cuts of about 20 per cent in many of its production areas through redundancy and early retirement.

The company however warned yesterday that it would be seeking "further and greater reductions" in staff before the new printing plant becomes operational. The plant which will also print the London Standard is expected to be operational by late 1988.

Associated's major shareholder, the Daily Mail General Trust, which accounts for just under half the shares, said yesterday it would be taking up its full entitlement in the rights issue.

The rest of the financial package will come from Associated "substantial existing resources," through leasing agreements and medium-term bank borrowing. The package, apart from helping to pay for the introduction of new technology, is believed to include provision of between £30m to £40m for redundancy and early retirement.

The new printing plant itself is expected to cost between £70m and £80m. Associated's share price fell 7p yesterday morning to 288p on news of the financing package. Associated has been planning a move to a printing plant in the Surrey Docks for the past six years and intended to complete the move by 1989 or 1990. But plans have been accelerated because of the increasing pace of change in Fleet Street

An overall target of about 1,000 job cuts out of the existing 3,500 Associated jobs in London has also been set. After the move to Surrey Docks the company also plans to phase in single key inputting of copy into electronic systems

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Metals group to resume dividend

By Our Frankfurt Staff

METALLGESELLSCHAFT, the West German metals, chemicals and trading concern, is paying a dividend of DM 6 ($2.65) per share on its 1984-85 results after missing a payout for three successive years.

The company has already indicated that it expected to resume a dividend payment because of measures taken in the last few years to deal with problems in some areas of metal manufacturing and mining.

Metallgesellschaft made group net profit of DM 61.4m in the year to September 30, up from the DM 25m profit for each of the previous two years.

It last paid a dividend of DM 4 per share on its 1980-81 group net profit of DM 34m, before plunging into a loss of DM 19m in 1981-82.

First Railroad to sell unit for $70m

FIRST RAILROAD & BANKING, the Georgia-based banking group, is to sell its 57 per cent stake in its data processing unit to about 100 foreign institutional investors for more than $70m, AP-DJ reports from Augusta.

The company said it is spinning off the unit, First Financial Management, to raise funds "to take advantage of the current market." It said it would use the proceeds of the sale to make acquisitions.

First Financial said that after the sale it would no longer be subject to regulation by the US Federal Reserve Board as an affiliate of a bank holding company, nor would it be required to restrict its operations to activities and services closely related to commercial banking.

Republic Health agrees $420m bid in principle

BY OUR FINANCIAL STAFF

REPUBLIC HEALTH, a Dallas-based hospital operator, has reached argreement in principle to be acquired in a revised $420m-plus leveraged buyout from an investor group including McDonnell Douglas, the company's largest shareholder.

The group is offering $18.50 cash per share and $1.50 principal amount of subordinated debentures. The agreement supersedes an earlier offer which did not include the debentures.

Preferred shareholders will receive $55.50 per share in cash and $4.50 in face amount of debentures. Republic Health said the debentures would bear interest at 14.5 per cent, beginning 4½ years after issue.

Republic said the merger was subject to a definitive merger agreement and approval by shareholders. The deal is also dependent on the investor group, Reph Acquisition, securing debt and equity financing, and regulatory approvals.

The company added that a definitive agreement would have to be reached by March 27, financing commitments obtained by May 31 and the deal completed by August 31 or either party could terminate it.

If the buyers pull out, Reph or Pesch & Co, one of tha group's members, will have to pay $1m to Republic. If Republic abandons the deal, it must pay $2m to Pesch and reimburse Reph Acquisition for its fees and expenses.

Hypo Bank in DM 400m rights issue

By John Davies in Frankfurt

BAYERISCHE Hypotheken- und Wechsel-Bank (Bayerische Hypo), the Bavarian bank, is raising DM 400m ($177m) in cash through a one-for-10 rights issue.

The new shares, which will qualify for a full 1986 dividend, are being offered for DM 330 each. Bayerische Hypo's shares have been trading on the stock market lately at more than DM 600.

Bayerische Hypo also said yesterday that it proposed to pay a dividend of DM 12.50 a share on last year's results. This will match the combined payout on its 1984 results, consisting of a DM 10 a share dividend and a DM 2.50 bonus to mark the bank's 150th anniversary last year.

Shares issued in a capital increase last May will receive the full 1985 dividend.

Bayerische Vereinsbank, one of Bayerische Hypo's traditional local rivals, yesterday announced a higher dividend of DM 12.50 a share on last year's earnings, compared with a DM 11 dividend for 1984. The full year's dividend applies to shares issued in a capital increase last July.

The Bayerische Vereinsbank lifted group assets 6.6 per cent last year to DM 132.4bn, while Hypo group assets were up 7 per cent to DM 112.6bn.

Profits slip at Dry Goods

By Our Financial Staff

ASSOCIATED Dry Goods, the US department and discount stores group, yesterday reported a slight decline in fourth-quarter profits from $81.3m or $2.05 a share to $80.3m or $2.01.

This took net earnings for the year to $119.7m or $3 a share, down a shade from the $120.7m or $3.04 in 1984. Sales, however, rose from $4.05bn to $4.39bn, with a contribution of $1.43bn ($1.39bn) in the fourth quarter. Sales figures exclude Power Dry Goods, which was sold in June.

Lone Star Steel to cut workforce by half

BY OUR FINANCIAL STAFF

LONE STAR Steel, the Dallas-based manufacturer of tubular goods for the oil industry, plans to cut its workforce by more than half in response to deteriorating market conditions in the oil and gas industry.

The cuts will reduce the company's workforce to 2,000, and come just one month after Lone Star announced it would be closing three plants and laying off between 10 and 15 per cent of its workforce. Yesterday the company said continuing depressed market conditions had forced the larger job cut to be imposed instead.

"Oil country" tubular goods are the primary market, but Lone Star said it would now emphasise its precision tubing products while maintaining its capability to make tubular goods for the energy industry, of which there are excessive stocks throughout the industry. Lone Star also blamed subsidised pipe imports for the job cuts.

FUND MANAGERS DOUBTFUL OVER CONCESSIONS TO FOREIGNERS' FUNDS

Wary approach to Singapore tax ruling

BY CHRIS SHERWELL IN SINGAPORE

THE SINGAPORE Government's removal earlier this month of tax and other disincentives against the use of Singapore-based fund managers has re-ignited hopes thet the island state will attract more fund management activity and develop further as an international financial centre.

The latest moves, announced by Dr Richard Hu, the Finance Minister, in his budget 10 days ago, aim to remove any Singapore tax liability arising from a foreigner having his funds managed in Singapore.

However, they do not help Singapore residents, and fund managers are doubtful about a key aspect of the new provisions.

In the past Singapore-based fund managers have had to operate offshore banking arms called Asian Currency Units (ACUs) to carry on business. To enjoy the concessionary 10 per cent tax on fees, they have had to manage foreigners' funds into overseas markets – in other words, the business has had to be entirely "offshore."

Following the budget, fund managers no longer need ACU licences, although they must still have the approval of the Monetary Authority of Singapore, the powerful government regulatory agency. More importantly, the funds can now be invested in stocks and shares on the Singapore exchange.

This is good news for fund managers' foreign clients. Previously they could only escape a tax on trading gains made in the Singapore market by investing through London, Hong Kong or other centres. Now they can safely have funds managed by Singapore-based firms.

For the Singapore resident who wishes to invest abroad, however, the position is unchanged. It remains unclear whether trading gains will be taxed as a trading profit at 33 per cent or n capital gain, which is free of tax.

He will, therefore, continue to find it an advantage to have his account offshore rather than with s Singapore-based fund manager.

Although this hurts Singapore's evolution as a financial centre – one fund manager says his firm has reluctantly channelled some S$15m (US$6.9m) of Singapore business to its counterpart in Hong Kong – any ruling on the issue is being firmly resisted by the tax authorities. That means the matter will ultimately have to be settled through a challenge in the courts.

A snag also remains for foreigners, at least as far as fund managers are concerned. Although Dr Hu ended a requirement thet investors make a signed declaration of their non-resident status, he put the responsibility in the hands of the fund managers. It is not one they want or will readily accept.

Since the first concessions for fund management in Singapore were announced in September 1983, the Monetary Authority has issued 14 licences for fund management through ACU's with concessionary tax treatment.

Singapore nevertheless remains a long way behind Hong Kong as a fund management centre, where funds well in excess of US$10bn are thought to be managed. Only last month, the London-based Britannia Arrow group closed its Singapore office, evidently out of frustration in its year-long attempt to secure a fund management licence.

INTERNATIONAL COMPANIES and FINANCE

Carrefour exceeds forecasts

By Paul Betts in Paris

CARREFOUR, the French hypermarket retailing group, yesterday reported higher than expected trading profits of FFr 520m ($79.1m) last year, 21.5 per cent above the FFr 428m the previous year.

However, net profits in 1984 were boosted by an exceptional gain of FFr 58m, giving total net earnings of FFr 486m. On that basis, last year's net earnings were only 7 per cent up on the previous year.

The 21.5 per cent rise in trading profits compared with earlier estimates of an increase of about 15 per cent in earnings last year.

Carrefour, pre-tax sales of which rose 12.4 per cent to FFr 44.2bn last year from FFr 39.3bn the year before, also announced a one-for-three scrip issue.

Rockwell stock repurchase

ROCKWELL International, the US defence and aerospace group, is planning a $500m stock repurchase programme.

The company said that at present prices the programme would reduce the currently outstanding 149m shares by about 8 per cent.

The repurchased stock will be used for potential acquisitions, stock options and employee benefits. AP

Italcable earnings jump 37%

BY JAMES BUXTON IN ROME

ITALCABLE, the state-controlled company which handles Italy's inter-continental telecommunications traffic, last year achieved a 37 per cent jump in net profits to L61.3bn ($39m) on sales which rose by 20 per cent to L506bn.

Shareholders are to be asked to increase share capital from L132bn to L154bn through a rights issue.

Italcable belongs 54 per cent to the Stet group, part of the state holding company IRI. Along with the Stet subsidiary SIP, which handles much of Italy's internal telephone traffic, Italcable is destined to play a much greater role in Italian telecommunications when a new law, now in preparation, is passed by parliament.

The law would transfer operation of all Italy's international telephone and telex traffic from the Ministry of Posts and Telecommunications to Italcable.

Last year Italcable's terminal telephone traffic rose by 14 per cent and telex traffic by 8 per cent, while there was a jump of 40 per cent in transit telephone traffic.

The company is to handle more transit traffic thanks to an agreement with MCI International, the second largest US carrier of domestic and international traffic.

Italcable is to invest L340bn over the next five years at constant prices. This will include its share of a Mediterranean optical fibre cable network and the development of international data transmission services.

SME boosted by higher sales

BY OUR ROME CORRESPONDENT

SME, the Italian supermarkets group whose future is at the centre of political and legal battles increased its sales by 13 per cent to L2,970bn ($188m) last year. The figure is not consolidated, however, and includes transfers between the group's industrial companies and its supermarkets.

Net profits of the parent company, which receives dividends, rose from L50.2bn to L59.7bn. Of this some L28bn represented extraordinary gains stemming from the revaluation of shareholdings.

Last year IRI, the Italian state holding company, reached a preliminary agreement to sell its controlling stake in SME to Buitoni, the foods group controlled by Mr Carlo de Benedetti. But the deal was blocked at government level.

SME has been undergoing intensive restructuring since IRI installed Mr Giuseppe Rasero as managing director in 1983.

Austrian bank profit rises 18%

By Patrick Blum in Vienna

GIROZENTRALE, Austria's second largest bank, increased net profits last year by more than 18 per cent from Sch 118.9m ($7.5m) in 1984 to Sch 140.5m, Dr Karl Pale, the bank's chief executive said.

Operating profits increased more sharply, rising 41 per cent from Sch 859m in 1984 to Sch 1.35m last year. Much of the operating profit was allocated to reserves and provisions. Provision for overseas debt was increased by Sch 300m to Sch 1.05bn.

The bank will pay out a 9 per cent dividend on capital which increased to Sch 1.6bn last year.

Dr Pale said the bank's "good performance" last year followed improvements in all its activities.

Foreign business increased from 35.6 per cent to 37.3 per cent of the balance sheet total which rose to Sch 250.8bn last year.

Lachlan Drummond on the rapid growth of a New Zealand predator

Brierley broadens his horizons

IN 1962 Mr Ron Brierley raised NZ£50,000 floating Brierley Investments, but spending most of the funds on promoting the issue in the face of a glazed-eyed indifference among the New Zealand investment community to the efforts of an investment pamphleteer to translate his thoughts to deeds.

Bil struck a similarly very poor market response to its first efforts in Australia in 1966 when it took control of a defunct options trader, Industrial Equity, (IEL), and saw the share price sliced from 10 shillings to two shillings.

From those humble beginnings the Brierley group has established a commanding presence on both sides of the Tasman Sea, with BIL standing clearly as the largest New Zealand company by market capitalisation at almost NZ$ 2.7bn (US$ 1.43bn) and the 52 per cent-owned IEL ranking as 10th largest in Australia at A$ 1.8bn (US$ 1.27bn). BIL is also listed in Australia and takes seventh spot on the Australian capitalisation list.

The basis for that growth has been an endless string of acquisitions and investmeots, continuous trading of shares and assets baeked by annual and ever-increasing calls for casb from shareboiders to support the growing scale of acquisitions. With the issues Mr Brierley's personal stake in the New Zealand master company has dropped to around 5 per cent: although he remains the inspiration and chief stralegist for the group.

The outcome bas been a growth in net earnings from A$ 11.9m in 1980-81 to A$ 51.2m in 1984-85 for IEL and from NZ$ 11.2m to NZ$ 93.1m for BIL.

On IEL's coat-tails

For both companies there is no sueh thing as an abnormal or extraordinary profit. Their businesses ore the buying and selling of shares and ossets so everything is connted. And their accounting policy is sucb that ol the point of takeover the difference between the price paid ond worth of the assets acquired adjusted for contingencies— is booked as a profit or a loss, with any surplus not available for distribution until realised.

Last year the asset trading account for IEL produced an A$ 16.2m charge against profits after A$ 22.94m was lransferred to the provision for contingencies, compared with an A$ 18.9m profit after A$ 1.2m contingency charges the previoos year.

For most of its 25 years BIL has travelled on the coat-tails of the IEL group, but in the past half decade has increasingly established its own raft of indigenous investments and operations in New Zeoland, a proeess whieh bas gathered pace in the past 12 months and taken it an evolutionary half-step ahead of IEL.

That change has in the past six months seen BIL cement its existing associate relationsbips with Dominion Breweries and with Winstone, a pulp and building produets group, by moving above a 50 per eent holding in eaeh. It has also recelved approval to move from 40 per cent to 50 par cent of NZ News, one of the counlry'a largest media groups.

BIL also owns or controls New Zealand companies in the retail, engineering, food, prinling, psekaging, gas retieulation and textlle industries, o solid eore of operational activities to which it adds and substracts to provide wbot it jndges to be logical and rational business structures.

BIL's involvement is thot of a keenly interested investor providing the corporate direction and financial wherewithal for the individual management of each company to pursue objectives.

Its own head office remains relatively small—a slaff of 30 including the teo lady—a tight and generally youthful structure matched in Australia.

In Australia aa well, tha scale and pace has altered dramatically in the past three yeors, coinciding with a distinct shift in market sentiment towards TEL—whieh had survived with minimal institutional hacking—and whicb was matched by a shift from ad boc financing on a deal-by-deal basis to a formalised negative pledge credit arrangement with its lead bankers, Bankers Trust and Pittsburgh National. These associations were formed as a result of close relstions with the advisory and lending srms of the local merchant banking offshoots of the two US banks. BIL also moved to a negative pledge credil arrangement but given the fervent, almost worshlpful support BIL has long held from its New Zealand shareboider base, no shift in market sentiment was required.

BIL and IEL have been ready users of market standing, and last week BIL announced a deep discount one-for-one rights issue to raise NU$78m, which when completed by June wlll take its capilal raisings in six monlhs lo NZ$190m.

These Include o NZ$72m rigbts issua completed last December, a NZ$105m placement to Australlon institutions, a NZ$35m UK placement and a NZ$100m Swiss franc convertlble bond issue.

The access to credit, a stronger share price and a more, institutionalised shareholder base bas broadened tho group's takeover borizons in both centres. Another step wsa the creatlon of the Hong Kong incorporaled Industrisls Equlty Pacific (IEP), bought in 1975 as a dormant company.

Brierley group now has a 69 per eenl interest ln IEP following a A$72m rights issue and tender offer.

IEP's larder has been well stocked, with US$70m purchase of Higbee, o Cleveland, Ohio, relailer, as well as investments in 89 UK, US and Hong Kong eompanies.

It was IEP whieh took part in a recapitolisotion for Tozer Kemsley and Millbourn, emerging with 62 per cent of the UK motor dealer with the blessing of the board. The two eompanies last week bid £70.8m ($103.6m) for Kenning, another British car diatributor.

While board acquiescence is uncommon in IEL's Australian business, tbe early assembly of investment stakes in o large range of companies is a common thread to the Brierley group in ali oreas, whicb combs the share lists thorougbly for undervslued sltuotions, some as long range portfolio boldings, others with a view to later acquisition, or both.

In Australia IEL's pasl 18 months have seen a bost of takeover offers msde on trsditionally keenly pitched terms. Most achieved the desired effect of a higher prieed counter-offer, allowing IEL to clean out part of its portfolio wlth resultanl profits — not that it would have been nnhappy to secure control al the price il was offering.

The end result fits lhe group's view of ltself as a catalyst to a rational allocation of resources, on essential element to an efficientiy operating corporate and industrial sector. That it seeks to do so at bargain hasement prices also fits with its underlying and undenled opportunism which pitches the group al undervalued assels — mostly tangible although lncreasingly the intangible but messurable assels represented hy market shares, lrade marks, franebise agreements and the llke.

Along the way IEL bas built one of Australia's largest food groups in its 62 per cent-owned Southern Farmers Group—annuol turnover A$600m, capitalisation A$200m—and has retoined a mix of small businesses.

NBH plan stalled

This year it hos moved to add Australıon Gas Light Company, a Sydney utility, to its list of operating affiliates, baving secured entitiement to 40 per eent. Until December 3t the utillty was protected by by-lsws restricting individual slokes to 2 per eent. New legislation raised lhe limit to 5 per cenl, but came into effect only after a brief interlude which Mr Brierley exploited to secure his bolding. The position has yet to be elorified by the stote government.

Its other mojor move was to spend A$200m bullding an 18 per cent stake lo North Broken Hill Holdings ond announclng an A$250m proposal to toke its slake lo 40 per cent aod to then sell off the eomponent parts of the compony.

However, the plon was stalled by the Vietoria supreme court, whlch confiscaled a 7 per cent, A$60m stake and vesled lt with the Nationol Companies and Securities Commission. Thia followed lts finding that IEL had breaebed the splrit and intenl of legislation allowing a company to seek the beneficial owners of shareboldings below the formal 10 per cent publle dlsclousure level by establishing a chain of lnternational nominees.

IEL does not deny it is attemptlng to ovold revealing itself bnt belleves il is acting witbin the law in doing so, viewing the procedure involved as a private matter between tbe company seeklng the identity and tbe shareholder.

It ls appealing against the judgment and Mr Brierley says that if the confiscation decision is upheld the logical developmeot is for IEL to cease doiog buainess in sucb a bostile Australian environmenl. He adds: "I still have some faith that someone somewbere has some common sense and is able to inlerprel the facts in accordonce with the law as stated and legal principles. and that common sense will prevail. and that it will all prove to be a bad dream."

If the nightmare continues, the picking of tbe riches on the US and UK share boards can be expected to accelerate.

A harsher regulatory climate in Australia could force the ever-acquisitive Ron Brierley's IEL to cease doing business there and redirect its efforts to expand its UK and US interests

Malaysia exchange eases rules for brokers

By Wong Sulong in Kuala Lumpur

THE Kuala Lumpur Stock Exchange (KLSE) has amended its rules lo allow banks and foreign brokers to take equity in local stockbroking companies, but has again deferred a decision on whether to gn ahead with the proposed financial lifeboat to belp members ln difficulties over forward share purchase contraets.

Under the amended rules, approved ot on extraordinary meeting of its members, the maximum equity which outsiders ean take up is 61 per cent. Where botb local and forelgn instiutions are involved, the foreign entity may not acquire more tban 30 per cent and the local partner no more than 31 per cent.

Nine firms are said to have found outside partners.

In order to improve the financial standing of KLSE members, minimum paid-up capital for o broking company has been set ot 2m ringgit ($800,000), and ot least 5m ringgit in the case of firms wbich take banks and forelgn brokers as partners.

Mr Nlk Mobsmed Din, KLSE chalrman, said members would now decide on April 6 on the lifcboot which he said would probably be reduced from 80m rlnggit to 50m ringgit.

Mitsubishi Chemical dips

BY YOKO SHIBATA IN TOKYO

MITSUBISHI CHEMICAL Industries, Japan's largest integrated chemical company, has reported pre-tax profits of Y23.76bn ($134.3m) in the year to January, down 24.4 per cent. But a stronger net result allowed it to restore lts dividend.

The lacklustre performance was attributed to softer producl prices caused by the yen's rise against the dollar and the drop in oil prices.

Sales rose 1.3 per cent lo Y810.89bn, supported by demand for engineerlng, plastics, floppy discs and other new products

Net profits were Y6.77bn after writing-off Y10.9bn, compared with previous year's net eornings of Y1.72bn. Il is to pay an annual dividend of Y5 a abare, the first in fonr years.

● Arabian Oil, Japan's largest oil producer, auffered a 22 per cent fall in consolidated pre-tax profits lo Y197.34bn last yeor.

After tax pald to Saudi Arabia and Kuwait, net profits came out at Y2.9bn, down 15.6 per cent, on sales of Y597.5bn,

Guardian National loss up

BY JIM JONES IN JOHANNESBURG

HIGHER REINSURANCE costs and greater losses on the net underwriting accounl led to an increase of more tban half in tbe net underwriting loss of Gnordian National, the South African subsidiary of Guardian Royal Exchange of the UK

Gross premiums increased to R178.7m ($89.5m) in 1985 from R165.5m. However, net premiums increased to R123.9m from 98.3m, largely becanse several forelgn relnsurers hava reduced their South African exposure as a result of poor rates. The underwriting loss increased to R6.25m from R3.96m.

Mr Donald Gordon, the ebairman, says that underwriting results remain unsatisfactory throughout the markel desplte improvements in rates.

Guardian Nstional's life operations are being transferred to Charter Life, a new life assurance company.

Esrnings rose to 76.9 cents a share from 62.3 cents and the total dlvidend has been lifled to 50 eents from 44.5 cents.

Alexander Nicoll examines the OECD report on financial markets

East Europeans welcomed back to the fold

AMID THE craze for taking as much lending as possible off balance sheets, there are still some bankers who like to indulge in a little treditional commercial banking business.

Over the past two years, they heve welcomed Eastern Europe hsck into the financial fold. After being virtually shut out of the syndiceted-loan market in the debt crisis which began in 1982, the seven communist countries of the region were able in step up their Euromarket borrowings to a record $5.2hn in 1985.

The Organisation For Economic Co-operation and Development (OECD), in its *Financial Market Trends* periodical published today, reports that Eastern Europe "is the only group of horrowers which, having lost access to the international financiel markets after the crisis, subsequently was ahle to regain access."

The region's improved standing in the markets reflects strengthening current account balances, lower hard currency debt and better ratios of debt to economic performance.

But the OECD warns that some of these gains were dented for the short term hy the poorer economic performance in 1985. In the longer run, it says, "the calm which now prevails will probably prove to he transitory, for the region faces challenges and decisions which will trensform East-West economic relations."

The advent of Mr Mikhail Gorbachev as Soviet leader has brought a new desire to improve economic performance and increase efficiency. But the OECD points out that "the more ambitious Soviet economic goals have been established at the very time that the balance of payments may be on the verge of an historic weakening owing to inahility to expand the volume of oil exports and a softening of world energy prices."

Deterioration of the Soviet trade balance is important because the USSR has previously helped Comecon partners through difficult financial conditions by trading on favourable terms.

The debt crisis forced Eastern European borrowers to make deeper than planned cuts in imports and investments to hring current accounts into surplus. Behind the resulting fall in convertihle currency debt, however, lie two factors.

The decrease in deht in dollar terms was overstated as a result of the dollar's rise through 1984, since over half the region's debt is denominated in non-dollar currencies. Conversely, the dollar's fall since early last year has overstated the subsequent rise in convertible currency debt, which rose from a gross $82bn in 1984 to an estimated $96bn by the end of 1985.

	1982 $m	1983 $m	1984 $m	1985 $m
Bulgaria				475
Czechoslovakia		50		122
East Germany	69	386	903	1,173
Hungary	483	567	1,146	1,578
Poland			260	
Romania				150
USSR	153	68	867	1,489
Comecon banks			140	250
Total	705	1,071	3,316	5,235
Margin over Libor (average basis points)	103	112	88	55
Average maturity (years)	4½	4½	6	7½

Source: OECD

At the same time, horrowers have been ahifting away from unguaranteed bank lending to guaranteed trade credits and loans from international organisations. This has caused a sharp fall in banks' claims on Eastern Europe and they have, therefore, been increasingly inclined to offer favourahle terms.

"Banks which have other interests in Eastern Europe, such as through trade and guaranteed credits, find the region to be one of the few remaining attractive markets to carry on traditional activities, since it is an area offering reasonable risk return balances and a possibility to maintain traditional commercial banking portfolios," the report says.

However, figures showing an increase in borrowings need to be treated with caution. The OECD says most syndicated loans were used to refinance old debt. Total real horrowing did not begin to rise until second quarter of 1985, when the region started to have current account deficits.

Banks may be more careful about granting new loans if borrowing demand quickens at the same time as deficits widen. In setting 1986-1990 plans, the OECD argues, lenders are likely to put greater weight on investment, believing that "the restrained investment policy of the past few years has been excessive, thus worsening the prohlem of technological obsolescence and inefficiency which is prevalent in much of East Europe."

It adds, however, that "this is not to suggest that the East Europeans are about to engage in a reckless expansion of their external debts."

On some of the individual countries, the OECD says:

● *The Soviet Union* (net debt $19bn) borrowed about $1.5bn in 1985 on progressively more favourable terms, despite potential medium-term economic problems. Oil production is likely to continue falling and the ability of the Soviets to develop non-energy exports is uncertain.

● **Poland** ($29bn) suffered a slowing in economic growth in 1985 after the rebound of the previous two years. Inability to obtain hard currency through exports or borrowing is a barrier to recovery. Under previous reschedulings, large repayments are due to banks in 1986. Poland is seeking new government credits.

● **Hungary** ($8bn) "pursues a policy of openness regarding financial information and positive participation in the international economic system that offers a refreshing contrast to much of the region." It has, however, made little progress in reducing its deht hurden. Borrowings, including $1.6bn in 1985, include innovative structures such as note issuance facilities. It is the East European country most vulnerable in loss of market confidence, hut also the one which has developed that confidence most effectively.

● **East Germany** ($7bn) showed the fewest effects of the 1985 economic weakening. Borrowings have given the country financial resources far in excess of immediate needs.

● **Romania** ($6hn) has low reserves and strains in meeting debt commitments may occur.

Japan lifts limit on foreign buying by insurers to 25%

BY YOKO SHIBATA IN TOKYO AND PETER MONTAGNON IN LONDON

JAPAN'S Ministry of Finance has announced a sharp increase, to 25 per cent of total assets from 10 per cent in the ceiling on foreign securities purchases hy insurance companies.

The increase in the limit had been widely expected as a means of hreaking the rise of the yen against the dollar. The US currency yesterday traded at around Y175 compared with a peak last year of over Y250.

It is, however, larger than many securities houses expected. Market talk in recent weeks had been of an increase in the ceiling to 20 per cent of total assets.

Yesterday's announcement caused an initial upsurge of US Treasury bond issues on Wall Street, which have been one of the main beneficiaries of Japan's huying spree in international bond markets.

The reaction in Europe was more muted. The new ceiling includes some items which were previously exempt such as foreign exchange deposits and Sushi bonds or foreign currency issues launched directly out of Japan by local borrowers.

This will mitigate the impact of the new regulations which would have otherwise have permitted a jump in foreign investments hy insurance companies to some $42.9bn from $28.6bn under the old ceiling.

Securities industry sources in Tokyo also say that life insurance companies are unlikely to expand their foreign bond investment markedly under the higher ceilings given the large potential foreign exchange losses they face as a result of the yen's rise.

With dollar interest rates now at low levels other currency investments such as sterling could also prove more attractive.

Estimates suggest that the life insurance companies have incurred total currency based losses of about Y1,000bn ($5.6bn) on their existing holdings of foreign currency bonds. This has become a source of grave concern to Japan's Ministry of Finance which last week published details of a new formula for writing off book losses in foreign securities.

Life insurance companies in Japan had total assets of Y51,400bn at the end of 1985 and had been seeking an increase in their foreign investment ceiling because of a shortage of local high-yielding investment opportunities.

A similar increase in the foreign investment ceiling is also expected to be introduced for trust banks and pension funds from April 1.

New fund seeks up to DM 120m

BY OUR EUROMARKETS STAFF

WEST GERMAN and Swiss private companies, especially family husinesses, will be the targets of a new investment fund which is seeking up to DM 120m.

Two London firms which are linked to each other, stockhroker Savory Milln and merchant bank Arbuthnot Latham, are sponsoring a private placement of shares in the Rhine Investment Fund, which is to be quoted on the Luxembourg Stock Exchange.

It will be managed hy a Geneva-based company, JHK Associates, headed by Mr Peter Hagemann, Mr David James and Mr Eric Kohn.

The fund estimates that there are about 4,000 companies of the size and type it is seeking. It plans to locate family-owned companies in which the family is no longer involved in the husiness, and where growth opportunities are limited hy the need to pay dividends to shareholders and hy their reluctance to subscribe new capital.

The fund would provide equity finance either to huy out the shareholders or provide new capital, with the aim of itself achieving capital growth, particularly through a stock market quotation. It says equity capital has been scarce in West Germany, and that venture capital has also been unavailable for many companies.

In both West Germany and Switzerland, there are plans for a junior market for smaller growth companies similar to Britain's Unlisted Securities Market and France's second market.

Investors are being asked hy March 28 to subscribe to up to 48,000 shares in units of 10 at DM 25,000 per unit. The shares will he issued in two equal tranches and subscribers to the first issue will be committed to take part in the second.

Eurobonds mark time as investors hug the sidelines

BY CLARE PEARSON

THE MOOD in the Eurobond markets was one of "wait and see." With Opec ministers meeting for the second day in Geneva, and no clear news emerging, borrowers and investors tended to stay on the side-lines.

Although prices of seasoned dollar Eurobonds were marked up in early trading, following initially higher prices in New York, these gains were mostly lost in the course of the afternoon in thin turnover.

The $200m deal for General Electric, launched late on Friday at a deep discount price of 82.55 per cent, was moving slowly, and quoted at less 2 bid. Last week's equity warrants deal for Thermedics, however, was increased in size from $25m to $30m. Equity-related deals are faring the hest in the dollar market at present, traders say.

General Electric launched an issue into the Euroyen fixed rate sector, where prices continued to move ahead on the back of a strong domestic market. Daiwa led the issue. GE has obtained a reputation for issuing on tight terms, and today's deal was no exception. The bond pays a coupon of 5¾ per cent and is priced at 101¼ per cent. As such it follows last Friday's deal for IBM, though that was for five, and not seven, years.

Traders thought the market was strong enough to accept this, however. A hid price of 1¾ per cent was quoted yesterday afternoon, inside fees of 1¾ per cent.

Sumitomo Metal Industries launched a Y12hn issue, lead-managed by Yamaichi. The 10-year bond pays interest at 6¼ per cent and has an issue price of 100¾ per cent.

Seasoned Ecu bonds continued to gain in price, and some issues ended the day about 1¼ per cent higher. The outcome of Sunday's French parliamentary elections, where the Righist opposition gained a thinner-than-expected majority, did not seem to stem investors' enthusiasm for this sector. Last week's issue for Colgate-Palmolive, for instance, was trading around its issue price of 101¼.

Prices of Swiss Franc bonds in the secondary market were unchanged on the day in fairly high turnover.

Olivetti International (Luxembourg) announced a SFr 524.62m 10-year bond, led by Union Bank of Switzerland. The issue has a coupon of 3¼ per cent and a par issue price. Each bond carries one three-year warrant to buy 40 non-voting shares of the Italian parent company at L8,375 each. This represents a premium of 10.2 per cent over last week's average price.

Existing shareholders, however, have a right to buy the bonds first, until April 4. After that, the bonds will be open for public subscription until April 18.

The Council of Europe launched a SFr 250m perpetual issue paying a coupon of 5¼ per cent and with a par issue price. The bond may be called after 20 years at 102 per cent, and then at five year intervals at the same premium. Banco del Gottardo and Kredietbank are leading the deal.

Citicorp announced an issue of warrants on their own for C. Itoh, the Japanese trading house. There are 75,000 warrants each exercisahle into 100 shares of the company. The issue price is SFr 300, and the initial exercise price Y 342, against yesterdays closing price of Y 524. The warrants have a life of three years.

Final terms were set on a SFr 60m equity warrants issue for Towa Real Estate Development Company, led hy Credit Suisse. The coupon was set at 2 per cent and the exercise price at Y 1056, against a share price of Y 1030.

Amsterdam-Rotterdam Bank announced a Fl 200m Euroguilder issue for itself.

Tunisia raises $175m in two tranches

By Peter Montagnon, Euromarkets Correspondent

TUNISIA is raising $175m in the Eurocredit market, its first major borrowing in 18 months and the first to embody tax concessions under the double taxation treaty signed with the UK last year.

The eight-year deal is divided into two tranches, one of which amounting to $75m will give UK lenders a tax credit under the treaty. Its interest margins are, therefore, lower than on the conventional tranche which forms the balance of the credit.

The margins on the first tranche start at ¼ per cent over London interbank offered rates for Eurodollar deposits (Libor) for the first four years, rising to ⅜ per cent thereafter. The conventional tranche bears a margin of ⅜ per cent for the first five years, falling thereafter to ¼ per cent. Repayments begin after a grace period of four years.

The loan is being put together by a group of banks comprising Bank of Tokyo, Banque Arabe et Internationale d'Investissement, Banque Nationale de Paris, Lloyds Merchant Bank and UBAF.

The terms are fractionally more generous to lenders than on Tunisia's last loan which had an initial margin of ½ per cent for the first five years rising to ⅝ per cent for the next three.

Tunisia thus represents a rare case of a horrower accepting tougher terms in a market where margins have generally been falling sharply.

Bankers say this reflects the country's marginal dependence on oil exports and the relatively poor prospects for its phosphate exports. Tunisia may also have suffered from disenchantment with some North African borrowers such as Algeria and Morocco.

Nonetheless it is regarded as a sound credit with, to date, only limited borrowings from commercial banks. Bankers describe its concession on terms as a realistic approach to the market rather than a sign of any fundamental resistance to its credit.

Separately Chase Manhattan is arranging a new interest margin of 10 basis points over Libor on the $200m halance of a $500m credit arranged by Italy's state oil concern ENI in December 1980. The new margin compares with a rate of ⅜ at present. The maturity of the loan remains unchanged at 1988.

● Merrill Lynch has launched a $500m certificate of deposit programme for Compagnie Bancaire of France. Bankers say it is also arranging a $100m Euro-commercial paper programme for Total International, the financing arm of Compagnie Francaise des Petroles (CFP).

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on March 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	100¼	100¾	0	+0⅛	9.97
Amex Credit 10⅞ 90	100	108⅛	108¾	−0⅛	+0⅛	8.28
Allen. Richfield 10⅝ 00	250	106⅛	106¾	0	+2⅛	9.41
Australia Com. 11 95	200	115⅝	116⅛	+0⅛	+1	8.42
Australia Com. 11⅜ 00	100	118	118½	+0⅛	+1	8.92
BP Capital 11¼ 92	150	109⅛	109¾	−0⅛	+0⅛	8.96
Campbell Soup 10½ 95	100	112	112½	−0⅛	+1	8.54
Canada 9 96	1000	105¼	105¾	—	—	8.16
Canada 11½ 90	500	111⅞	112⅜	+0⅛	+0½	7.88
Canadian Pac. 10¾ 93	100	107¼	107¾	−0⅛	+0⅞	9.27
CEPME 10⅛ 91	100	107¼	107¾	+0⅛	+0⅜	8.34
Citicorp 10 88	200	103¾	104¼	−0⅛	+0⅛	8.08
Citicorp 10 96	200	†103	103½	+0⅛	+1⅛	9.47
Citicorp 10⅝ 95	200	104½	105	−0⅛	+0⅝	9.82
Credit Lyonnais 9 91	200	103⅛	103⅝	−0⅛	+0⅛	8.12
Credit National 9⅞ 93	150	104⅛	104⅝	0	+0⅞	8.24
Denmark Kgdm. 11¾ 89	100	108	108½	−0⅛	+0⅛	8.14
Denmark Kgdm. 11½ 90	100	110⅛	111⅛	−0⅛	+0⅛	8.30
Denmark Kgdm. 11½ 92	100	113	113½	+0⅛	+1	8.59
EDF 10 95	225	107¾	108⅛	+0⅛	+0⅝	8.73
EEC 8⅝ 91	150	102⅝	103	−0⅛	+0⅛	7.93
EEC 9⅝ 90	350	104¾	105¼	+0⅛	+0½	8.20
EIB 10¼ 94	200	108⅜	108⅞	+0⅛	+0⅛	8.72
EIB 12 95	200	120⅝	121⅛	+0⅛	+1⅛	8.58
Eli Lilly 10⅛ 92	150	110⅝	111⅛	+0⅛	+1½	8.00
Equit. Lrd. Rlty. 10½ 97	100	108¾	109¼	−0⅛	+0⅞	9.20
Export Dev. Cpn. 10 90	100	107⅜	107⅞	+0⅛	+0⅛	7.80
Fed. Dep. Stre. 10⅛ 95	100	108⅛	108⅝	+0⅛	+0⅛	8.58
Ford Motor Crd. 10⅝ 91	150	107¼	107¾	+0⅛	+0⅞	8.74
Ford Motor Crd. 11⅛ 90	100	109	109½	+0⅛	+0⅛	8.50
Ford Motor Crd. 12 95	100	114⅛	114⅝	−0⅛	+1	9.62
Gen. El. Cred. 10⅛ 00	200	105⅝	106⅛	+0⅛	+0⅛	9.48
GMAC 10¼ 89	200	105⅝	106⅛	0	+0⅛	8.08
GMAC 10¼ 92	250	107¼	107¾	0	+1⅛	8.69
IADB 9⅞ 95	200	108⅛	109⅛	−0⅛	+1⅛	8.49
IADB 10½ 95	150	113	113½	−0⅛	+2⅛	8.41
Kellogg Co. 10⅞ 90	100	106⅝	107⅛	0	+0⅛	8.63
Kellogg Co. 11⅛ 92	100	109⅝	110⅛	0	+0⅛	8.98
Nippon Cr. Bk. 10⅝ 95	150	111¾	112¼	0	+0⅞	8.74
Pillsbury Co. 10⅛ 93	100	106⅞	107⅜	+0⅛	+0⅛	8.85
Proct. & G. 'A' 9⅞ 92	150	105	105½	+0⅛	+0⅛	8.79
Pru Realty S. 12⅛ 95	545	115	115½	+0⅛	+1⅛	9.48
Qantas Airways 10⅛ 95	140	111⅛	111⅝	+0⅛	+0⅛	8.53
Quebec Hydro 11⅛ 92	100	†115	115½	+0⅛	+1⅛	8.81
Queensld. Gvt. 10¼ 95	100	110⅝	111⅛	+0⅛	+1⅛	8.48
Ralston Purina 11⅛ 95	150	110⅝	111⅛	0	+1⅛	8.72
Saab Scania 9⅞ 91	125	104½	105	+0⅛	+1½	8.29
Saskatchewan 10⅝ 92	100	111⅜	111⅞	0	+1⅛	8.21
Scandinavia Air 10¼ 95	150	108⅝	109⅛	+0⅛	+1⅛	8.72
State Bk. S. Au. 9⅝ 93	100	103⅜	103⅞	+0⅛	+1⅛	8.53
Statoil 10 90	170	107⅛	107⅝	−0⅛	+1½	7.98
S. Wales Trsy. 11⅜ 90	150	110⅞	111⅜	+0⅛	+0⅛	8.44
Swed. Exp. Cred. 10 92	100	108⅞	109⅜	0	+1⅛	8.07
Sweden 10⅜ 92	250	109⅝	110⅛	+0⅛	+1⅛	8.26
Sweden Kgdm. 10⅞ 90	200	109⅝	110⅛	+0⅛	+1	7.97
Sweden Kgdm. 11⅜ 90	100	114⅛	115	+0⅛	+0⅛	9.20
Tenneco Cpn. 10⅜ 95	150	106⅛	108⅝	0	+0⅛	9.64
Utd. Tech. Fin. 10⅝ 95	100	109⅝	110⅛	+0⅞	+1⅛	8.98
Victorian Rep. 11⅜ 92	150	113⅜	114⅛	+0⅛	+1⅛	8.59
World Bank 9⅝ 2016	300	109⅜	109⅞	0	−0⅛	8.83
World Bank 10⅛ 95	300	112⅝	113⅛	+0⅛	+2⅛	8.86

Average price changes... On day +0⅛ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 6 94	200	100	100½	−0⅛	0	5.88
Austrian Elec. 6½ 95	150	101⅛	101⅞	−0⅛	−0⅛	6.27
Copenhagen 7⅛ 95	150	102⅝	103⅛	−0⅛	−0⅛	6.87
Dow Chemical 6⅝ 95	300	102⅝	103⅛	−0⅛	−0⅛	6.31
EIB 6⅞ 95	300	105⅛	105⅝	0	+0⅛	6.11
EIB 7⅛ 94	300	105⅝	106⅛	−0⅛	+0⅛	6.34
Emhart Cap. 6⅜ 95	175	101⅛	101⅝	+0⅛	+0⅛	6.52
Ex. Im. Bk. Korea 7⅜ 90	100	101⅞	102⅜	−0⅛	−0⅛	7.10
Finland Republic 7 92	200	104	104½	−0⅛	−0⅛	6.10
Gould Inr. Fin. 7⅝ 91	100	104⅛	104⅝	0	−0⅛	6.57
Heron Intl. Fin. 7⅜ 95	100	97⅝	98⅛	+0⅛	0	7.53
Hoesch Intl Fin. 7 95	100	102⅞	103⅜	−0⅛	−1⅛	6.55
Ireland 8⅛ 92	150	107⅛	107⅝	−0⅛	+0⅞	6.59
I/S Elsam 8⅜ 93	125	99	99½	0	0	6.86
Japan Fin. Con. 7⅜ 91	100	105⅛	105⅝	−0⅛	+0⅛	6.33
Mitsbshi. M. 3⅜ 89 WW	100	105⅝	106⅛	−0⅛	−0½	1.46
Mitsbshi. M. 3⅜ 89 XW	100	91⅝	92⅛	−0⅛	−0⅛	5.58
Quebec Hydro 7⅜ 95	200	106½	107	+0⅛	+1⅛	6.18
Renfe 7⅜ 95	100	105⅝	106⅛	+0⅛	0	6.95
Soc. C. Nuclear 7⅜ 95	150	103⅛	103⅞	−0⅛	0	6.70
Soc. C. Nuclear 6 91	100	105	105½	0	0	3.76
S. African Tran. 7⅝ 92	100	96⅞	97	0	+0⅛	8.27
World Bank 7 95	600	105⅝	106⅛	−0⅛	+0⅛	6.13

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Con. 6⅜ 94	130	†102⅜	102⅞	−0⅛	+0⅛	5.11
Br. Land. Comp. 6½ 99	75	†100	100½	−0⅛	−0⅛	5.92
Chrysler 5⅝ 95	100	†103⅛	103⅝	+0⅛	+0⅛	5.31
Council of Europe 6 92	120	†104	104½	−0⅛	+0⅛	5.25
Creditanstalt 5½ 94	100	†101	101½	0	+0½	5.19
Deutsche Bk. Fin. 5⅞ 95	100	†104½	104⅞	−0⅛	0	4.72
EIB 5⅞ 94	120	†105⅛	105½	+0⅛	+1⅛	5.08
Gen. Occidentale 4½ 94	80	†111	111½	−0⅛	+0⅛	3.01
Glendale F. S&L 5⅜ 95	100	†99⅛	100	+0⅛	+0⅛	5.51
Ind. F. Finland 5⅜ 94	40	*†100	100½	0	0	5.43
Int. Am. Dv. Bk. 6⅛ 94	120	†101½	102	−0⅛	−0⅛	5.71
N. Zealand Steel 5⅜ 98	70	†100½	100⅞	−0½	−0⅛	5.67
Oheros. Kftwk. 6⅛ 95	100	*†101½	102	0	−0⅛	5.12
Olivetti Intl. 5½ 95	100	†102⅛	102½	0	−0⅛	5.10
Pepsico 5⅛ 95	130	*†102⅛	102⅝	−0⅛	−1⅛	4.88
Phibro-Salomon 5⅜ 97	110	*†100⅛	100⅝	0	0	5.06
Ralston Purina 5⅜ 94	125	*†102½	102⅞	−0⅛	0	4.99
Tokyo Elec. Pr. 5½ 93	120	*†102⅛	102½	−0⅛	−0⅛	5.01
Tokyo Metropolis 5⅛ 94	80	†102½	102⅞	+0⅛	+0⅛	4.87
World Bank 5⅜ 94	150	†103⅛	104	−0⅛	+0⅛	5.18

Average price changes... On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	102⅛	102⅝	—	—	5.54
Swed. Exp. Crd. 6⅝ 96	10	102⅞	103⅜	+0⅛	+0⅛	6.13
Syntex 6⅝ 93	20	99	99½	+0⅛	+0⅛	6.75
Walt Disney 6⅜ 96	10	103⅝	104⅛	+0⅛	+0⅛	6.07
Westinghouse 6⅝ 96	15	99½	100	+0⅛	+0⅛	6.79

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A. & NZ Bk. 15¼ 90 A$	50	104	104⅞	—	—	13.66
BMW Finance 13 90 A$	50	100	101	—	—	12.79
Fiat Finance 14½ 89 A$	90	100⅝	101⅛	−0⅛	+1⅛	13.95
LB Schleswg. 14⅛ 91 A$	50	104⅝	105⅛	—	—	12.87
Amex 10⅜ 90 C$	50	103⅝	104⅛	−0⅛	+0⅛	9.54
Canad. Pac. 10⅜ 90 C$	75	104⅛	104⅞	+0⅛	+0⅞	9.07
CIAC 10⅛ 90 C$	75	†100⅛	100⅝	−2⅞	−1⅞	10.60
Genstar Fin. 11⅜ 95 C$	75	†103⅝	104⅛	+0⅛	+0⅛	11.02
Montreal 11½ 95 C$	75	105⅛	105⅝	+0⅛	+1⅛	10.39
Ryl. Trustco 10⅛ 90 C$	75	102	102½	+0⅛	+1½	9.73
Sears Acc. 10⅜ 92 C$	75	†104	104½	+0⅛	+1⅛	9.69
Coca-Cola F. 17 90 NS	75	105⅞	107⅛	+0⅛	+1	14.81
Denmark 17½ 89 NS	90	†97⅛	98⅛	+0⅛	−1⅛	13.58
Unilever Cp. 17½ 89 NS	50	98⅛	99⅛	+0⅛	+0⅛	17.74
Copenhage. C. 9 95 Ecu	40	105⅞	106⅜	+0⅛	+2⅛	8.07
Eutelsat 9 93 Ecu	50	103⅜	104⅛	+0⅛	+2⅛	8.22
Walt Disney 8⅛ 94 Ecu	63	105⅛	105⅞	+0⅛	+3⅛	7.80
Honda WW 3⅞ 90 Fl	100	105⅛	105⅞	0	0	2.39
Honda XW 3⅞ 90 Fl	100	90⅛	91⅛	0	−0⅛	5.50
Thyssen 7⅛ 90 Fl	50	103⅛	103⅝	−0⅛	+0⅛	8.34
Wereldhave 7½ 90 Fl	75	102⅞	103⅛	−0⅛	−0⅛	6.67
Wessanen 6⅝ 90 Fl	50	101	101½	+0⅛	+0⅛	6.41
Eurofima 11⅛ 92 FFr	300	108⅛	108⅝	0	0	9.33
Amev 11 93 £	50	102⅛	102⅝	+0½	+1⅛	10.49
Australia Com. 11 92 £	40	104⅛	104⅝	−0⅛	+1⅛	9.99
EIB 11⅛ 93 £	50	105½	106	−0⅛	+1⅛	9.94
GMAC UK F. 10⅛ 00 £	30	102⅝	102⅞	−0⅛	+0⅛	9.76
Imp. Ch. Ind. 11⅛ 95 £	100	104⅞	107⅛	+0⅛	+3	10.03
Imp. Ch. Ind. 10⅜ 92 £	75	102	102½	0	+1⅛	10.22
McDonalds 10⅞ 90 £	40	102⅜	102⅞	−0⅛	+0⅛	10.03
Mmbshl. F. HK 11 90 £	50	101⅞	102⅜	+0⅛	+1	10.30
NSW Trsy. 10⅝ 92 £	90	101⅛	101⅝	+0⅛	+1⅛	10.32
Rank Xerox 11 92 £	40	103⅝	104⅛	0	+2	10.07
Royal Ins. 10⅝ 92 £	80	101½	102	+0⅛	+1⅞	10.33
J. Sainsbury 10⅞ 93 £	60	102⅜	102⅞	+0⅛	+2	10.29
Tricentrol XW 11 92 £	35	84⅛	84⅞	−0⅛	−0⅛	14.92
Trusthse. Forte 11⅛ 90 £	50	101⅞	102⅜	+0⅛	+1	10.48
World Bank 11⅜ 95 £	100	108½	109	+0⅛	+3	9.75
COE 8⅞ 95 LFr	600	99⅝	100⅞	+0⅛	+0⅞	8.80
N. Lux. Al. 10⅛ 92 LFr	600	103⅜	104⅛	0	0	9.65

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 98 £	0⅛	99.82	99.90	14/4	11⅜
Belgium, Kngdm. of 91	⅛	100.14	100.25	19/8	8.06
BNP 5¼ 95	0.05	101.17	101.27	10/7	8.05
Britannia 5 93 £	0¼	99.83	99.91	8/4	11⅞
CCF 5⅛ 97	0	99.47	99.57	5/4	8.00
Citicorp 5 2005	0⅛	99.15	99.25	27/3	8.04
Citicorp 5 2035	0.225	98.23	98.33	27/3	8.04
Credit Lyonnais 5 2000	0⅛	100.20	100.30	10/7	8.00
EEC 3 92 DM	0	100.00	100.15	20/8	4.44
EEC 5 90	0⅛	100.03	100.13	8/7	8.00
EEC 5⅛ 93 Ecu	0.0312	99.84	99.94	30/4	9.91
ENEL 5 2000	0⅛	100.17	100.27	1/3	8⅛
Ireland 5⅛ 97	0⅛	100.21	100.31	28/2	8.44
Lloyds Bank Perp.	0⅛	99.99	100.09	5/6	8½
Midland Bk. Perp. S	0⅛	100.02	100.12	19/6	8⅛
NatWest Perp. A	0⅛	100.12	100.22	9/7	8.31
NatWest Perp. B	0⅛	100.15	100.25	5/8	8⅛
New Zealand 5 87 £	0.07	99.86	99.96	13/3	11.57
New Zealand 5 2001	0	99.94	100.04	4/6	8⅛
Prudential Cpn. 4 95 £	0.1	99.65	99.75	5/3	11.78
R. Bk. Scotland 5 Perp.	0⅛	100.20	100.30	11/6	8.44
Societe Generale 5⅛ 97	0⅛	100.3	100.13	18/3	8⅛
United Kingdom 5 92	0	100.03	100.13	7/7	8.00
Woodside Fin. 5⅛ 97	0	99.48	99.58	28/7	8.19
Woolwich 5 99 £	0⅛	99.51	99.60	19/5	11.69

Average price changes... On day +0.01 on wk. +0.02

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	177⅞	178⅞	−1⅛	4.08
Comcast 7 2000	12/85	23.87	†120	121	−2	8.56
Fanuc 3⅛ 98	1/84	7032	205⅞	206⅞	−3⅛	58.13
Fuji Hvy. Inds. 3 2000	5/85	678	104⅞	105⅞	−3⅛	−4.42
Fujitsu 3 99	5/84	1320	106⅞	107⅞	−0⅛	3.97
Kumagai Gumi 3⅛ 2000	3/85	600	236	237	−0⅛	7.10
Marui 3½ 99	7/84	1162	212⅞	216⅞	+3⅛	−1.21
Minolta Camera 2⅞ 94	2/85	1105	98⅞	99⅞	−0⅛	22.77
Mitsubishi Bank 2⅛ 00	8/85	1768	121⅛	122⅛	+1⅞	−1.59
Mitsubishi Elec. 2⅞ 00	3/85	422	116⅛	114⅛	−0⅛	−3.53
Mitsui Bank 2⅛ 00	4/86	101.3	107⅛	108⅛	—	−90.46
Murata 3½ 2000	7/84	2398	136⅛	137⅛	−5⅛	16.01
Nippon Elec. 2⅞ 2000	1/86	1295	131⅞	132⅞	−2⅛	42.30
Nippon Oil Co. 3 2000	5/85	923	147⅛	148⅛	+0⅞	−0.06
OKI Elec. Ind. 3⅛ 99	10/84	805	107⅛	108⅛	−3⅛	−0.94
Sanwa Bank 2⅛ 2000	10/85	1486	126⅛	127⅛	+2⅛	−0.66
Sekisui House 3 99	5/84	612	207⅛	208⅛	+0⅛	−1.67
Sumitomo Bk. 2⅛ 2000	8/85	2142	116⅛	117⅛	+4⅛	−0.07
Sumitomo Con. 2⅞ 99	5/84	593	186⅛	187⅛	+2⅛	−0.96
Taiyo Yuden 3⅛ 2000	3/85	1078	†123	124	−0⅛	−4.04
Tokyo O'ka El. 3⅛ 99	12/84	772	104⅛	105⅛	−1⅛	4.50
Toshiba Crmcs 3 2000	4/85	1734	103⅛	104⅛	−3⅛	−4.13
Nippon Oil 2⅛ 92 SFr	3/84	1052	*†106	107	−0⅛	3.26
Nip. Shinpan 2 92 SFr	3/84	801	*†172⅛	172⅞	+1⅛	11.56
Asics 5 92 DM	12/83	520	112⅛	113⅛	−0⅛	15.42
Renown 3⅞ 90 DM	3/85	678	116⅛	110	+0⅛	−2.44

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC Amro Bank; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; LTCB International; Merrill Lynch; Morgan Stanley International; Nikko Securities Co. (Europe); Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

UK COMPANY NEWS

St. Ives £23.5m double purchase

BY DAVID GOODHART

St Ives, the fast-growing printing group, yesterday announced two more acquisitions—the magazine printer Chase Web Offset and the magazine printing operation of East Midlands Allied Press—for a combined valuation of £23.5m.

The company, which only came to the market last year, has already become the UK's biggest book printer following its agreed takeover of Richard Clay on the run from a hostile bid from fellow book printer McCorquodale.

This latest deal will make St Ives the second largest magazine printer after Mr Robert Maxwell's British Printing and Communications Corporation.

Mr Boh Gavron, St Ives chairman, who is also a non-executive director of the Octopus publishing group, said the aim of the deals was to broaden the group's base in magazine printing.

Chase, a private West Country company controlled by Mr Max H Marvey and his family, specialise in relatively short-run colour magazines and prints more than 200 titles including The Field, Golf World, London Portrait and Over 21. St Ives' current operations on the other hand print only about 30 or 40 titles but some, such as Which? have a print run over 1m.

St Ives' all-share offer values Chase at £22m. In the five years ended March 31 1985 turnover increased from £3.5m to £13m and pre-tax profit from £246,000 to £1.7m.

The £22m valuation is based on Chase achieving £2.8m pre-tax profits this year.

St Ives is expanding its ordinary share capital by 1.8m to 12.1m to pay for £12m of the deal and the balance will be satisfied by the issue of 10m new convertible cumulative redeemable preferenre shares. After the deal is complete Mr Gavron will hold about 2 2per cent of the ordinary share capital.

For the printing division of EMAP's Peterboro Web, St Ives is paying £1.4m in cash. The agreement marks the retreat of EMAP from printing and the company said yesterday it would now concentrate on magazine and newspaper publishing. The printing division lost £525,000 last year. St Ives' share price stayed on 690p yesterday.

Mr Bob Gavron, chairman of St Ives

Some pause for breath now in order

"I feel like an ugly young girl who all of a sudden finds herself being courted by several suitors," says Boh Gavron. He is actually a remarkably youthful looking 55 year old printing entrepreneur who heads one of the fastest growing public com-[illegible]es in the UK, David Goodhart writes.

Since coming to the market last year the turnover of the company has increased from £18m to about £80m and the market capitalisation from £20m to £70m. Following yesterday's two deals the capitalisation could creep up towards three figures.

That expansion has come almost entirely through acquisition, although it has been helped by the enhanced growth prospects of the whole printing industry. But listening to the former barrister at its helm one gets the impression—pehhaps a little misleading—that glory has heen thrust upon him.

"When we came to the market last year we never expected to grow this fast, hut the funny thing is that in all our subsequent deals—with Richard Clay, Chase and EMAP—the companies have approached us and asked us if we were interested. Perhaps its because we are thought of as nice people to deal with," says Bob Gavron.

Aside from "sheer good luck," as Boh Gavron puts it, St Ives' rise to stardom has no doubt been helped by the fact that a public company seeking shelter from a hostile hid (Clay) or a private company looking to merge (Chase) have had fewy other printing groups with a strong p/e to choose from.

The stock market has also thought St Ives as a nice company to deal with an dit has thus been able to use its highly priced shares to snap np both Clay and Chase.

Gavron's entrepreneurial flair promted one analyst to suggest yesterday that he is to the printing industry what his close friend Paul Hamlyn (chairman of Octopus) has been to the publishing industry.

Gavron came into the industry at the age of 33 when he raised £400,000 to complete a management "buy-in" of the CP Printing Group. Several years later he bought from the receiver the assets of a failed web-offset magazine printer which was re-named the Severn Valley Press and is now the largest contributor to group profits; this year they are expected to top £5.25m.

He claims no magic management philosophy but is a firm believer in motivating managers with high incentive bonuses and share options. The London head office also gives the operating units plenty of independence.

Unlike many of his competitors Gavron has been showing enthusiasm for new technology for several years—although he has been careful not to rush into the very latest equipment before it has been proved elsewhere.

Many acquisitions—including yesterday's Peterboro Web—have also been of companies that would otherwise have been closed down. He has thus been able to insist on far slimming manning levels with unions lacking negotiating strength. St Ives said yesterday that it was offering employment to roughly half of the 170 Peterborough jobs.

With St Ives soon to be capitalised as the third biggest printing group in the UK, Bob Gavron seems to believe that some pause for breathe is now in order. But he will no doubt be a force to be reckoned with for many years to come. "We have got the world's language we should also have the world's printing industry," he says.

Argyll is not to make a further appeal

By David Goodhart

Argyll Group yesterday announced that it would not appeal against the Court of Appeal's decision last week to allow the rival Guinness bid for Distillers to stand.

However, Mr Jimmy Gulliver, the Argyll chairman, speaking in Glasgow last night, called on the Office of Fair Trading to block the controversial second Guinness bid, which involves the sale of a number of Distillers' smaller UK brands. The OFT is expected to reach a decision on the bid later this week.

The equally controversial "merger agreement" between Guinness and Distillers, under which Distillers has undertaken to pay most of Guinness' hid costs — came under fire last night from the investment committee of the Association of British Insurers.

Mr John Mulville, secretary of the committee, has written to the Issuing Houses Association saying: "The committee is of the opinion that arrangements of this kind are undesirable in principle."

Aberdeen shipyard has £5.75m order

ABERDEEN Shipbuilders has concluded a £5.75m deal with another Aberdeen company, Balravie Offshore Shipipng for an oilfield service vessel.

The 6,000 horse-power vessel, to be named "Ballantine" after the whisky, will have specialist equipment for plugging well-heads and is to be completed within nine months. It will he hullt in the yards of Hall Russell, officially taken over by Aberdeen Shiphuilders yesterday.

UK COMPANY NEWS

Morgan Grenfell advances by 40%

BY MICHAEL CASSELL,

Morgan Grenfell, the *merchant* bank, yesterday reported a 40 per cent jump in pre-tax profits for 1985. It said that, following the collapse of merger talks with Exco International, it was pressing on with other plans to expand its capital *base*.

Earlier this month, the bank was forced to call off its proposed *£1bn* merger with Exco, following intervention by the Bank of England. No talks aimed at reactivating a merger are being beld between the two sides.

Morgan Grenfell disclosed pre-tax profits of £54.5m for the year ending December 31 1985. The figure was struck after transfers to inner reserves and compares with £38.8m in 1984.

Group profit after taxation reached £32.8m against £20.4m in 1984. There will he a final dividend payment of 8.25p making 12p (8.5p) for the year. The bank disclosed capital *resources* of £269.5m, against £244m at the end of 1984, with the year-end halance sheet total little changed, at just over £4bn.

Lord Catto, tha chairman, said Morgan Grenfell would keep its plans to go public under review but that the bank did not see a quotation as a necessary part of the group's future: "If it makes sense, as with Exco, we would go for it but we are sufficiently large and have the ability to raise whatever capital we need from sbarebolders.

Mr Christopher Reeves, group chief executive

He continued: "We can get on just as well without a quotation, which is not *essential if* we want access to more capital. Most of our sbareholders are content that the bank is unquoted."

Mr Christopher Reeves, group chief executive, said Morgan *Grenfell Holdings* would *now* have a current market capitalisation of over £400m.

An Exco merger, Mr Reeves continued, "would bave takan care of capital requirements for some time" hut the group would now be seeking around £100m of additional finance over the next two years. Apart from looking to its shareholders, other options were "not apparent at the moment." The bank bas tradinionally raised additional capital every two or three years via rights issues—the last was in May 1984—and from retained profits.

The group declined to provide any profits breakdown between its banking, asset management and securities-related operations, although it said that a rising proportion of 1985 earnings had come from its 14 overseas subsidiaries and the international division. Operations in New York and Australia had been particularly successful.

Profits from Morgan Grenfell's corporate finance business had doubled in two years—advising during 1985 on 93 mergers and acquisitions with an aggregate value of £8.8bn. Asset management operations bad *also* shown *strong growth*, with funds under menagement in excess of £10bn. Funds under management for North American pension fund clients amounted to $2.2bn, a 70 per cent increase since the end of 1984.

The bank said that the slowest rate of growth has been in its traditional banking business, although the performance had still been good.

Good progress bas been made in the development of Morgan Grenfell Securities, with the 100 per cent integration of Pember & Boyle and Pinchin, Denny, likely to he completed within the next two months. MGS will bave around 450 staff, including equity research and sales personnel.

See Lex

Wm. Hill in Belgian betting expansion

By Lionel Barber

William Hill, the Sears Holdings betting chain subseidiary, yesterday announced a major expansion, buying 345 *betting offices in Belgium*.

The size of the deal was not disclosed, but is likely to be more than £20m. In November 1984, Ladbroke, one of Hill's main UK betting rivals, paid £28m for a chain of 529 shops in Belgium, boosting its total to more than 800 and giving it around 50 per cent of the total Belgian market.

Hill's purchase of Tierce Franco-Belge SA and La Generale Hippique Tierce SA, two private companies, means the two UK groups control around 75 per cent of the Belgian market.

Mr Paul Rouse, chief marketing executive of William Hill, described yesterday's acquisition as significant. Mr John Brown, assistant managing director of William Hil, is to become managing director of the Belgian opera*tion and the two principal* Belgian shareholders will continue to serve as directors.

Belgium is one of the few European countries which allows *betting* shops and is an obvious place to expand, Mr Rouse said. Most betting is done on *French races*, through a system called Pari-Mutuelle, which is similar to the English Tote.

Hill did not disclose the trading profits of its acquisitions nor did it reveal the companies' market share. It described the two companies as "well established" and said they would be run from headquarters in Liege.

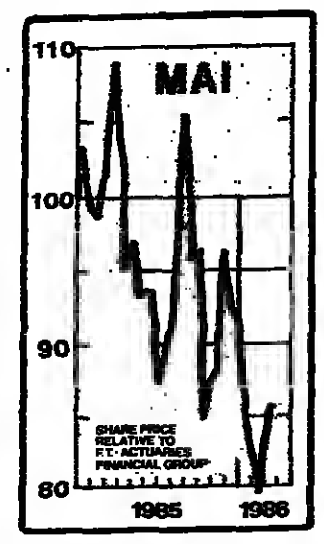
William Hill has 850 betting shops in the UK and competes against Ladbroke, Mecca and Coral. In the UK, it holds more than 10 per cent of the market, Mr Rouse said. Last October, Hill increased its interim pre tax profits by £2.6m to £8.1m.

Last month, Ladbroke, in an attempt to counter the cancellation of race meetings in the UK caused by the bad weather, experimented by offering a TV commentary of Belgian trotting races in some of its UK betting shops. This tentative step towards a transnational betting market was described as "very successful" by Mr Peter George, a Ladbroke director.

Mr Rouse, however, dismissed the idea of linking Belgian horse racing to its UK betting shop chain.

All-round growth lifts MAI profits to £16.34m

WITH ALL divisions achieving an increase, pre-tax profits of MAI—formerly Mills & Allen International — the money and securities broking, insurance broking, advertising and market research concern, expanded by 28.8 per cent from £12.68m to £16.34m for the six months ended December 31 1985.



After tax of £5.88m (£4.6m) earnings per share are given as 21.4p against 19.3p, a rise of 10.9 per cent, whila the interim *dividend is unchanged* at 4p net—last year's final was 12p paid from profits of £27.45m.

Turnover amounted to £96.55m, compared with £81.33m, and with pre-tax profits were divisionally split as to: securities and money hroking £65.8m (£51.34m) and £10.71m (£9.34m); personal financial services £4.77m (£5.26m) and £730,000 (£517,000); media £22.57m (£21.7m) and £3.14m (£2.53m). Net interest added £1.03m (took £275,000).

Mr Ian Morrow, chairman, says that active markets belped the securities' hroking companies, inclnding Gintelco the *corporate bond broker acquired* last June, to achieve excellent results. Garban, inter dealer hroker in US Government *securities responded effectively* to the reduction in its commission rates by cutting costs, broadening the product range and increasing market share, the chairman states.

Moneybroking profits were down as a result of quiet markets during part of the year, he adds.

Growing revenues and improved operating margins belped Keywest Financial, tbe personal financial services division, to achieve a useful in*crease in profits, while* the media sector benefited from improved trading conditions in a number of areas.

The UK outdoor advertising company enjoyed a strong revival, Mr Morrow points out, with increased sales, higher prices and reduced operating *costs all contributing* to a higher profit.

In the US, MRI recorded a "notable improvement" in *revenues and profits*, says the chairman. Nabscan, acquired last August, is *making* good progress, but will not make a contribution to profits in the current year.

Mr Morrow says that trading *in* the second balf bas continued at a satisfactory level while profits of the group's personal financial services division will ha augmented *in* this period by a contribution from Wagon Finance, the instalment credit concern which became a *subsidiary* on February 20 last.

After minority interests, £85,000 (£160,000) and extraordinary debits of £1.86m (nil) —amortisation of goodwill £1.92m and £59,000 net surplus on *disposal* of investments and subsidiaries—the amount available came through at £8.51m, against £7.92m.

● comment

There are two reasons for MAI's low rating: the market regards money broking income as being of less than top quality, and does not like being flooded with paper when it has barely absorbed the last lot. These results should water down the first complaint, as profits from the three non-broking divisions are all up strongly and the *management*, which *in* the past has dithered over the group's corporate structure, is now set on increasing the share of profits from media, market research and financial services to about 60 per cent of the whole. With the belp of small acquisitions, funded (if MAI is wise) out of *its* £25m cash balance, this could be achieved within three years. On the second count, put-upon investors should comfort themselves that the new shares have been put to good use, with the recent Wagon acquisition reducing the percentage of dollar profits, doubling the size of the finan*cial services division and with* any earnings dilution likely to be short-lived. Meanwhile, the broking business has done well to stand *still*, given a negative £1.5m translation loss, beavy development costs in preparation for Big Bang and a 35 per cent cut in commissions on US government securities. On profits this year of £35m, the *shares* are undervalued at 385p on a p/e of 9.

Select Appointments is first to buy-out of BES

BY ALICE RAWSTHORN

THE recruitment consultancy, Select Appointments, bas become the first company to buy itself out of the Government's business expansion scheme, in order to expand overseas and to float on the USM next year.

In late 1983, Select Appointments raised £400,000, balf its launch capital, through a business *expansion* scheme *fund*, Electra Risk Capital, which then beld a 45 per cent stake in the company and 3.5 per cent of share options.

The company is now eager to expand overseas and bas already hegun negotiations to acquire a New York-based consultancy. Under the business expansioo scheme's rules, no scheme-funded company can hold more than 49 per cent of an overseas concern.

"We can see opportunities to *move into English-speaking* markets in the US, Australasia and Hong Kong," said Mr Robert Klapp, Select's managing director. "But to expand efficiently we need to hold 100 per cent of the companies in those markets, and the business expansion scheme rules prevent that."

The company's stockbrokers, Grieveson Grant, has raised £1.3m from a group of institutional investors to buy out Electra's stake. The Electra fund investors will thus be compensated for any tax relief lost as a result of Select's withdrawal and will receive a profit on their original investment.

The institutions bave now taken over Electra's stake which has been converted into preference shares and wbich will he converted back into ordinary shares when *Select is floated* on the USM in April next year.

When Select first joined the Electra fund, it operated two recruitment consultancy units with a turnover of £500,000. It now operates 19 units, spread across southern England, and for the financial year to April 5 it anticipates turnover of £6.29m and profits of £150,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: 6M, Chambers and Fargus, S. R. Gent, Paterson Zochonis.

Finals: Alfa-Laval, Automotive Products, Walter Duncan and Goodricke, Expamat International, Laing Properties, McLaughlin and Harvey and Watmoughs.

LADBROKE INDEX
1,358-1,362 (−2)
Based on FT Index
Tel: 01-427 4411

Media rights boost for Prestwich Holdings

THE rapidly-changing Prestwich *Holdings* reported pre-tax profits almost doubled in the six months to the end of December 1985, on turnover increased by more than 2½ times.

From earnings per sbare of 2.02p, against an adjusted 2.09p, the *interim payment* bas been increased to 0.35p (0.18p). Last year an adjusted total of 0.53n was paid on pre-tax profits of £902,000.

For the period under review the Manchester-based company had taxable *profits* of *£813,000* (£424,000) on turnover of £11.49m (£4.35m). A hreakdown of the pre-tax profits showed the media and entertainment division with £678,000 (£314,000), optical goods and services £179,000 (£128,000) and engineering £54,000 (£36,000).

Directors say that trading in media rights continued to be successful and tha profitability of the media and entertainment division was enhanced by the launch of "The Video Collection" during the six months. Discussions are taking place with major mail order bouses and supermarket groups to expand the new product's outlets.

● comment

Prestwich is now a different group from that which generated an acceptable set of first-balf results. The sale of tha opticians has rid it of one of its central activities, just as the purchase of Bush has armad it with another. Bush, while *lacking* any obvious synergy with Prestwich, is a rapidly expanding consumer electronics business, which in radio and hi-fi aims to be an Amstrad in miniature. The divestment of the opticians *business—which only last year* was *in* expansionist mode—seems a bit opportunist, although the company can perhaps be forgiven for changing its strategy faced with such a good price. Meanwhile, the Video Collection bas been a success, with 1m tapes sold in the last five months, and W. H. Smith and Boots now joining Woolworths as customars. Now that tha contract with Heron bas been terminated, albeit at a cost of over *£1m*, there are no *limits* to the number of new titles that can be added to the list. At yesterday's price of 154p the shares have recovered sharply since the beginning of the year, but the market may want to see that the new structure works before marking the shares any higher.

William Collins bas acquired 100 per cent of Dove Communications of Melbourna through its Australian subsidiary. Dove, with an annual turnover of around £1m, has a significant presence in religions and educational publishing in Australia. It will be merged with Collins' liturgical interests

Counter Products beats forecast with £1m profit

RECORD pre-tax profits, up from £430,000 to £1.01m, are reported by Counter Products Marketing, the marketing services specialist, for 1985, and are compared with a forecast of not less than £938,000.

As indicated in the placing document—the company joined the *USM in September*—the directors are recommending a special final dividend of 0.4375p. Stated earnings per share, befora exceptional items, more than doubled to 6.8p compared with 3.3p.

Exceptional debits totalled £102,000 (£129,000) and these represent the excess of additional contributions to the executive directors' pension fund over those payable under the service agreements now in place.

Group turnover for the year was up from £8.34m to £10.38m, and operating profit advanced from £607,000 to £1.13m.

Mr Richard Morris-Adams, the chairman, says: all areas of tbe business performed well. Sales and merchandising personnel divisions gained both new clients and further work from existing clients.

The chairman says tha current year has started briskly, and the company will be working bard to consolidate the significant gains made in 1985. It looks forward to the future with optimism.

Davies & Metcalfe in the red

Davies & Metcalfe, mechanical and electrical engineer, reports pre-tax losses of £286,472 in 1985. This Greater Manchester-based company had profits of £334,701 in 1984.

The losses arise from three sources. A loss of £106,366 on the exchanga rate between sterling and the Australian dollar; a trading loss at the company's Romiley factory due to a shortage of work in the second balf, coupled with an unusually high charge associated with development and *tooling* of new work, which is now coming into large scale production against substantial orders received.

Thirdly, expense incurred by the Australian subsidiary in starting np production against a *substantial contract for* locomotive braking system, with production to run on to the end of 1987.

Trilion buys three TV distributors

Trilion has entered into a *conditional* agreement with Mr Richard Blayney and others for the acquisition of Movietel Services, Caribbean Programme Services, and Enrotel Programme Distribntors.

The *consideration for* the three acquisitions will not exceed £1m, £800,000 of which will be satisfied by the allotment of 1.03m Trillion shares. The balance will be satisfied by the allotment of up to 256,410 Trilion shares bnt is dependent on the aggregate net pre-tax profits of the three companies being not less than £160,000 for the year ending March 31 1986.

Rodamco buys more Haslemere

Rodamco, the Netherlands-based investment trust, has made purchases of shares in *Haslemere Estates, taking* its share in the ordinary share capital of the UK property company to 60.3 per cent. *Together* with loan stock purchases, Rodamco now has 56.7 per cent of Haslemere's fully diluted share capital.

Lorlin rises 14% and buys competitor

Lorlin Electronics, Sussex-based designer of switches and connectors bas announced an agreement to acquire Electronic Interconnection Ltd. The USM-quoted company is paying £230,000, satisfied by the issue of 160,000 ahares.

EIL, also based in Sussex, had profits of £83,204 on turnover of £866,773 to end-August 1985.

The announcement was made with the release of Lorlin's preliminary figures for 1985 which revealed a 14 per cent increase in taxable profits to £928,000 (£812,000) on turnover up from £4m to £4.42m, an increase of 10 per cent.

Earnings per 20p share came out at 11.39p (9.75p) and the directors are recommending a *final* dividend of 1.5p (1p).

In the second half of the year the company took steps to increase production. The directors say, however, that this took longer to implement than they would bava liked and it was not until the beginning of the present year that the benefits were being seen.

They add that orders for the first two weeks of this year are 30 per cent above the comparable last year and they expect sales to be easily more than *£5m, if that is maintained.*

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beatson Clark	4.2	—	3.3	7.5	6.6
Cambridge Elect.	5.25	May 13	4.93	7.45	7
City of Aberd'n Land int	6	April 17	5.46*	—	16.4*
Counter Products‡	0.44	July 10	—	0.44	—
Davidson Pearce	1.5	May 16	—	1.5	—
Davies & Metcalfe	1.58	—	1.58	2.21	2.21
Thos. Jourdan	5.25	—	4.55	7.35	6.3
Lorlin‡	1.5	—	1	2.5	1.5
MAI int	4	May 10	4	—	16
Metalrax	1.75	May 30	1.45*	2.45	2.06*
Pittard	2.76	—	3.43*	3.72*	3.3*
Prestwich Hldgs.	0.35†	May 2	0.18*	—	0.53*

Dividends shown in pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

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UK COMPANY NEWS

Davidson Pearce beats forecasts in record year

IN ITS first figures since coming to the market in October last year Davidson Pearce Group, advertising agency, reveals record results which are higher than the forecasts at the time of the offer for sale.

Billings for 1985 rose from £64.43m to £75.57m with pre-tax profits increasing from £1.7m to £2.26m. The directors had forecast taxable profits of not less than £2.15m.

From earnings per 10p share of 9.91p (6.78p), against the forecast of 9.27p, a final dividend of 1.5p is being paid.

Mr Christopher Hawes, chairman, says the year was another of successful growth with billings, turnover and profit all records.

Growth was achieved both by development of existing business and the acquisition of new business and the agency has moved up from eight to seventh largest in the UK.

"Major account gains in 1985 were Marks & Spencer, Robert Bosch and Terry's of York. These accounts are expected to make important contributions in 1986."

He adds that the direct marketing company, Davidson Pearce and Goozee Direct grew quickly during the year from small beginnings. Growth came from both its own clients and in introducing its services to a number of the agency's clients. "A major gain was its appointment to handle the Schrieber kitchen furniture account at the end of 1985."

Turnover for the 12 months rose from £50.68m to £56.73m, operating profit coming out at £2.05m (£1.62m) and net interest receivable adding a further £211,000 (£84,000). The tax charge was £960,000 (£820,000) and with minorities taking £12,000 (nil) attributable profit came out at £1.29m against £882,000 last time.

Mr Hawes says that during 1986 the group will continue to develop and expand its existing business base. New product development projects have been added from Lyons Bakeries, Lever Brothers, and Chesebrough-Pond's together with a recruitment assignment from Citicorp Investment Bank.

This month the group added Davidson Pearce Frontline to its operations, a new subsidiary specialising in handling accounts requiring closely integrated above and below the line advertising and promotional services.

● comment

Davidson Pearce finds itself in something of a conundrum. It came to the market in November as a safe, solid, sensible member of the ephemeral advertising sector. Unfortunately for Davidson Pearce investors tend not to look towards the advertising sector for safe, solid, sensible stock. Its shares have not risen as fast as those of the more ephemeral members of the sector. Virtue has gone unrewarded. Nonetheless the shares rose by 2p to 170p yesterday when its first set of publicly quoted results came in ahead of expectations. The City expects profits of £2.7m for 1986 and a p/e of 13.5. Since the flotation the agency has won new accounts from Bosch, Shreiber and Terry's of York and new product development projects from existing clients such as Chesebrough Ponds, Lever Bros and Lyons Bakeries. Like all the other listed agencies Davidson Pearce is eager to diversify—it has already made sorties into direct marketing, integrated advertising and is poised to move into advertising services—but there are very few acquisition opportunities around.

Beatson maintains recovery

AFTER SHOWING a return to profitability in the first half of 1985, Beatson Clark, the South Yorkshire-based glass container manufacturer, has kept up its recovery for the full year. And the dividend is being partially restored to 7.5p.

Reflecting better turnover in all areas of the business with improved productivity in the main glass container operation, the group reports a profit before tax of £1.18m for 1985—almost back to the depressed £1.22m level of 1983.

In 1984 a first-half profit of £298,000 was transformed into a year's loss of £434,000. The proposed final dividend is 4.2p, making 7.5p against 6.6p, partially restoring the cut made from 9p in 1984.

Mr David Clark, chairman, says that the turnround was achieved in spite of continued excess capacity in the UK glass container industry and difficult market conditions overseas.

He says that it has been decided to close one of the four furnaces and reduce the number of production lines from 13 to 11. This, he explains will help to balance supply and demand and enable the group to compete more effectively.

The proportion of turnover from non-glass packaging activities again increased and these businesses will continue to be expanded. The company has also established a new subsidiary Beatson Plastics, to manufacture and supply plastic containers for the pharmaceutical products in a clean room environment.

Group turnover for the year was up from £32.1m to £34.39m. The profit was struck after interest payable of £799,000 (£390,000), but before tax of £394,000 (£464,000 credit) and an extraordinary debit last time of £1.7m. Earnings per share are 12.4p (0.5p).

Tokyo listing for BT shares

By Jurek Martin in Tokyo

British Telecom will seek a listing of its shares on the Tokyo Stock Exchange by the middle of this year, it was confirmed here yesterday.

Sir George Jefferson, BT's chairman, told a press conference that once BT's shares are fully paid, which they will be once investors have contributed their third tranche by April 9, the stock would qualify for a Tokyo listing.

Sir George added that necessary formalities with the exchange could mean a Tokyo quotation "hopefully by the middle of the year." Other BT officials thought it could be achieved by around the end of of May.

The BT team is in Japan this week briefing institutional investors on Tokyo and Osaka preparatory to a listing. The Japanese had been enthusiastic buyers of the 180m shares (about 5 per cent of the total issue) allocated to Japan in the original flotation.

Although precise figures are not available, Japanese investors are understood to have held on to most of their shares, unlike US purchasers, who quickly returned their similar 180m-share allotment to the market.

Sir George suggested that a Tokyo listing would also help BT develop business relations with Japanese companies in what he described as "the liberalised telecommunications market." He said that discussions with potential partners had already taken place, but he added that no early announcements were likely.

Cable and Wireless of the UK has already set in motion its plans to secure a Tokyo Exchange listing, the first UK company to do so. Currently, 21 foreign companies are quoted on the exchange. It is considered likely that C and W will beat BT to the post in this respect.

Southern sales help City of Aberdeen Land

Pre-tax profits at City of Aberdeen Land Association improved significantly in the six months to December 31 1985, and the directors say this reflects the healthy state of trading in each of the group's subsidiaries.

This is particularly so in the case of the Edinburgh subsidiary where there has been a continuing improvement in performance.

Group figures show pre-tax profits advanced from £619,000 to £843,000—in the previous full year, these totalled £2.34m. Turnover in the opening half was £9.97m compared with £8.19m. After tax of £320,000 (£217,000), attributable profits were £523,000 compared with £402,000.

An interim dividend, as forecast in January, of 6p (5.46p equivalent) will be paid. Stated earnings per 50p share improved from an adjusted 19.3p to 25.2p.

Sales for the period continued at an acceptable rate throughout the group, but the directors point out that the high increase in sales prices enjoyed by Cala Homes (Southern) has not occured in Scotland.

The market in Aberdeen has not experienced the same buoyancy as in earlier years, but the directors are confident that this subsidiary will contribute significantly to group profits.

CANON INC

Advice has been received from Tokyo that the 85th Ordinary General Meeting of Shareholders of the Company will be held at The Head Office of the Company 30-2, Shimomaruko 3-Chome, Ohta-Ku, Tokyo 144, at 9 a.m. on Friday 28th March 1986.

Matters to be Reported

Report on the Business Report, Balance Sheet and Income Statement for the 85th business term (from January 1st, 1985 to December 31st 1985.)

Matters to be Resolved

Proposition: Approval of the Profit Appropriation plan for the 85th business term.

Holders of Depositary Receipts to Bearer (EDR's & BDR's) wishing to exercise their voting rights in respect of the Shares represented by the Receipts held by them are reminded that, in accordance with clause 8 of the Conditions, they must lodge their Receipts with Hill Samuel & Co Limited, by 3 p.m. 21st March 1986, or with one of the sub-agents by 3 p.m. 20th March 1986, where lodgement forms are available. Voting Rights may only be exercised in respect of Depositary Receipts representing Ordinary shares on the register as at 31st December 1985.

Copies of the full text of the Notice convening the meeting are available if required.

Hill Samuel & Co. Limited,
45, Beech Street,
London EC2P 2LX.

Company Notices

RIGGS NATIONAL CORPORATION

$60,000,000

Floating rate subordinated notes 1996.

In accordance with the provisions of the notes, notice is hereby given that for the period March 18th 1986 to June 18th 1986, the notes will carry a rate of interest of 7¾% per annum with a coupon amount of $198.06.

Chemical Bank
as Agent

CREDIT FONCIER DE FRANCE

US$350,000,0000

Floating Rate Note due 1997

In accordance with the provisions of the notes, notice is hereby given that for the six months period from October 9 1985 to April 14 1986 the interest amount per US$10,000 to be paid on April 14 1986 is US$419.34 (Interest on the notes is subject to a minimum interest rate of 5 per cent per annum).

DAVIES & METCALFE plc

NOTICE IS HEREBY GIVEN that the TRANSFER BOOKS of the Company will be CLOSED from 21st April 1986 to 23rd April 1986, both dates inclusive.

By Order of the Board
R. ALLEN
Secretary

Injector Works
Romiley, Cheshire

DIMOSIA EPIHIRISIS ELEKTRISMOU
(Public Power Corporation)

US$180,000,000 Floating Rate Notes due 1997.
NOTICE IS HEREBY GIVEN that for the interest period commencing on 19th March, 1986 the U.S. dollar notes will bear interest at the rate of 7¼% per annum. The interest payable on 19th June, 1986 against Coupon No. 3 will be U.S.$18.805556 per U.S.$1,000 nominal.

Fiscal Agent
ORION ROYAL BANK LTD.

DIMOSIA EPIHIRISIS ELEKTRISMOU
(Public Power Corporation)

ECU denominated Floating Rate Notes due 1997.
NOTICE IS HEREBY GIVEN that for the interest period commencing on 19th March, 1986 the ECU Notes will bear interest at the rate of 9⅝% per annum. The interest payable on 19th June, 1986 against Coupon No. 3 will be ECU 24.597222 per ECU 1,000 nominal.

Fiscal Agent
ORION ROYAL BANK LTD.

Legal Notices

CRUSTY LOAF BAKERS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of Crusty Loaf Bakers Limited will be held at the Offices of Leonard Curtis & Partners, 46 Rodney Street, Liverpool L1 9AA, on Tuesday the 25th day of March 1986 at 11.00 o'clock in the forenoon, for the purposes provided for in Sections 589 and 590.

Dated the 7th day of March 1986.
P. CAINE,
Director.

UK COMPANY NEWS

US problems cut profits at Cambridge Electronics

PROBLEMS with its US offshoot Elec-Trol hit profits at Cambridge Electronic Industries in 1985. The US company suffered a downturn of £2.3m into losses of £1.5m in its results and CEI's pre-tax profits fell from £12.01m to £10.63m. The result was in line with the boord's expectations at the interim stage.

However, the board says that it has a dividend policy of steady growth, disregarding short-term fluctuations, and with confidence in the group's long-term development an increased final payment of 5.25p (4.93p) is being recommended, making a total for the year of 7.45p (7p).

The results were ochiaved on turnover which rose from £129.3m to £135.7m. The dividend is being paid from earnings per share of 15.7p, down from the previous year's 21.5p.

Mr Rupert Jones, chairman, says that low order intake in tha last quorter of the year under review continued into the present yeor "and will inevitably be reflected in the level of profit for the first half of the year." He adds, however, that there ore signs that order books are improving both in the UK and the US and this should result in an improvement in the second half.

He adds that UK companies within the group saw a small increase in pre-tax profit to £11.6m, despite charging significant costs in the introduction of its chemical agent monitor.

A breakdown of turnover reveals electronic and electrical components contributed £69.33m (£76.42m), defence and electronic systems £37.96m (£28.07m) and specialist operations £28.36m (£24.84m). The trading profit breakdown was electronic and electrical £4.88m (£8.58m), defence and electronic systems £2.82m (£1.85m) and specialist operation £2.93m (£1.9m), making a total of £10.63m (£12.33m).

The pre-tax figure was struck after net interest chorges of £354,000 (£317,000). The tax charge was £4.14m (£3.96m) and with minority interest taking £268,000 (£316,000) and an extraordinary charge of £359,000 (£987,000) attributable profits came out at £5.51m, against £6.75m for the previous year.

The directors say that the second half of the present year will see the first substantial deliveries of the chemical agent monitor to the Ministry of Defence and further ordars have been received from other customers.

They add that in the long-term the group'a continuing investment in higher technologies will enable it to benefit fully from the above-average growth prospects in the electronics industry.

● comment

With more than half Cambridge Electronic Industries' turnover coming from electronic components, a decline in profits was more or less inevitable: analysts' forecasts had been edging down throughout the second half and the final prognoses turned out to be accurate. The most severe setback was at Elec-Trol, where the previous year's profits of £1m turned into losses of abont £1.5m. Profits on UK components also fell hy about £1m, and defence activities took a £650,000 loss from delays in bringing the CAM nerve gas sniffer into production. The current year should bring a recovery: the first half is likely to bring a further downturn, hut with a cost-cutting exercise in progress at Elec-Trol and the components market on an upturn, o significant improvement can be expected. The gas sniffer could also contributa around £1m in its first year of production. A cautious £13m has the shares, down 10p ot 305p, looking fairly valued on a prospective p/e of 14 after a 35 per cent tax charge.

Thomas Jourdan ahead of forecast

COMPARED with a forecast, at the time of the Lion Group acquisition last October, of not less than £1.1m, taxable profits of Thomas Jourdan, trouser presses, nursery products, holder of Mary Quant royalty contracts, moved ahead to £1.35m for the year ended December 28 1985, against £837,000.

The directors say that the gronp is currently operating from n base much strengthened since a yeor ago, all subsidiaries continne to trade profitably.

Turnover expanded by 28 per cent to £11.21m (£8.67m). After tax of £385,000 (£365,000) eernings per share are shown as 18.8p (9.69p) while the dividend is stepped np to 7.35p (6.3p) with a final payment of 5.25p. Also proposed is a one-for-one scrip issue.

After the tax charge and an extraordinary debit, last time, of £42,000, available profits came through et £968,000 (£430,000).

● comment

Thomas Jourdan's shares have flourished with the market's newfound enthusiasm for conglomerates and yesterday's results added n fillip of 28p to 195p. The company's octivities now centre on four key areas: prams, fireplaces, brushes and trouser presses. It is now sconting abont for a fifth, ideally a manufacturer and wholesaler of consumer prodncts, hut like any conglomerate Thomas Jourdan is not fussy about what sort of consumer prodncts it manufoctures and wholesales. The royalties from Mary Quant cosmetics and bosiery, once the backbone of the business, contributed just £250,000 to earnings last year. Mary Quant's prospects are dogged by the internal problems of Max Factor, which manufactures and markets its prodncts, and Thomas Jourdan is eager to end the counter bolding agreement with Mary Quant Holdings as quickly as possible. The City expects profits of £16.5m and a p/e of 9.5 for 1986, although mnch will depend on how swiftly Thomas Jourdan can turn aronnd the recently acquired Lion Brush Works, and on the nature of its next acquisition.

Pittard expands 21% to £2.7m.

ALTHOUGH the International demand for leather goods was generally patchy througbout 1985, Pittard Gronp, Somerset based leather manufacturer, lifted taxable profits by 21 per cent from £2.21m to £2.67m. Turnover expanded to £40.96m, against £34.83m, a rise of 17.6 per cent.

Mr David Macdonald, chairman, saya that some of the group's manufacturing customers continued to be very busy, while others ware unable to maintain the improvement in volume achieved in the previous year. He adds that significant currency fluctuations also contributed to trading uncertainties both in the UK and overseas.

Demand for the group'a products continues to be very strong, the choirman states, with the order book well up on this time tast year, hut he sounds a cautionary note ahout the uncertainty over exchange rotes.

"With o strong balance sheet and exciting plans to carry out major improvementa to our production capacity we look forward with confidence to the challenges of the future," Mr Macdonald says.

After the year'a tax charge of £595,000, compared with £372,000, earnings ore shown to have risen from an adjusted (after a two-for-three scrip issue) 14.4p to 16p. The dividend is, in effect, increased from an equivalent 3.3p to 3.72p with a final payment of 2.76p.

The chairman reveals that directors have agreed, in principle, to a major rebuilding, in the bovine division, of the gronp's factory at Irthlingborough in Northamptonshire, at a total cost of some £4.5m.

Directors are confident the funds needed to undertake the project can be found from group resources and available bank facilities.

● comment

Pittard appear to be doing the right things. In a notoriously cyclical trade the company has sought to corner a useful niche (water-resistant gloves and leather goods), reduced interest payments by a £2.2m preference share issue and is investing to cut production costs. American golfers love the glovea — bence almost a quarter of group sales going to the US — and the UK'a airforce pilots find Pittard'a leathers the nicest to have next to their chins. The unfashionahle, unredeemable, non-convertible pref atock was deemed to be the cheapest way of raising funds and will bopefully see the company through its two-year £4.5m factory rebuilding programme without capital gearing baving to pass the half-full mark. For 1986 the target should be £3.2m pre-tax which has the shares at 94p, up 6p, trading on a prospective p/e of 6 given a more standard tax charge of 35 per cent. The yield almost matches the earninga multiple and should give some suport for a slightly higher rating — the quolity of Pittard's earnings look better now that it seems less likely to plunge into the cyclical abyss.

Greenfield rises 30% to £0.24m

On turnover up by 18 per cent to £3.77m, pre-tax profits of Greenfield Holdings, tour operator and leisure group, expanded hy 30 per cent to £237,000 for the year ended August 31 1985.

Each of the divisions experienced "significant business successes" during the 12 months, the directors say, a period in which some £660,000 was ploughed back by way if improvements to group hotels, Rainbow and Sutherland Lodge.

The directors add that over the past four years more than £1.7m

They point out that since the consolidation in 1983 group assets have risen from £3.2m to £5.1m.

Charlie Browns ahead by 68% to £0.3m at halfway

WITH TOTAL sales increasing by 22 per cent from £7.03m to £8.57m, Charlie Browns Car Part Centres lifted its pre-tax profits from £189,000 to £317,000—up 68 per cent—in the six months to January 31 1986.

As forecast in the prospectus in May 1985, an interim dividend of 1p net was paid by this USM quoted West Yorkshire company. Stated earnings per 10p share improved from 2p to 3.3p.

Supermarkets and fittings contributed £5.85m (£4.44m) to sales, with £2.72m (£2.59m) coming from petrol. Operating profit was £394,000 against £281,000. The pre-tax figure was after lower interest charges of £77,000 (£2,000). After tax of £122,000 compared with £88,000, attribntable profits were up by £94,000 to £195,000.

Mr Andrew Bairstow, the chairman, says further progress bas been made in enlarging the network of retail outlets, and during the half-year, new fully equipped branches were opened at Darlington, Cheadle, Oldham, Sale, Northallerton and Dewsbury, bringing the number of hranches to 38. Four more outlets are planned for the current balf-year, one of wbich, at Stockton, will open for trading next week.

He says that the prospects for the full year are very encouraging.

Record for Metalrax

Metalrax Gronp, the Birmingham-based engineering group has reported record resulta for the second successive year to the end of December 1985.

On turnover up hy 15 per cent from £30.15m to £34.67m pre-tax profits came out at £3.56m, an increase of 16 per cent on last year's £3.06m. From earnings per 5p share of 6.55p (5.82p) the directors are recommending a final payment of 1.75p, against an adjusted 1.45p, making a total for the yeor of 2.45p (2.06p).

And for the 17th year in succession a one-for-ten scrip issue is being made.

The directors tell shareholders that the company has now recorded four years of increased profits, more than doubling the pre-tax figure in that period.

FINANCIAL TIMES SURVEY

Tuesday March 18 1986

Textile Maintenance

Dry cleaning and laundering are regarded as the backbone of the industry but growth is coming from new areas such as workwear rentals and dustmats

Left: dry cleaning shops are now designed to offer a wide range of services hnt (above) there is still a place for the individual personal touch as in handling this wedding dress

Fresh routes for expansion

By Anthony Moreton

AFTER FIVE difficult yeara the textile maintenance industry is on the verge of recovery. Rapid expansion in several directions in the 1970s left the industry vulnerable when the recession arrived and the industry found itself having to contend with surplus capacity, leading to severe price competition, when demand dropped.

Many concerns went out of business and others consolidated through mergers. The most important merger was that between Initial and Advance Services early in 1985, hoth associated with BET which owned Advance and had a 42 per cent stake in Initial at the time of the merger. In addition, Johnson Group Cleaners has proved a master at fending off unwanted bids in recent years.

Textile maintenance is the commercial servicing of textiles, a definition which is both too *narrow* and too wide. Too wide because it would include laundering and dry cleaning, some of which is geared to the domestic market; too narrow because the industry has diversified in recent years to incorporate a range of washroom facilities rather than the provision of, for instance, roller towels and paper tissues. Electric hand-driers and air fresheners are now commonly associated with the sector though, to the purist, they are in no way "textiles."

Dry cleaning is the most important part of the business in turnover terms with laundering an important adjunct. It is followed by workwear rental, cabinet towel rental, linen rental, dustmat rental, industrial wipes and a range of ancilliary *services such as soap dispensers* and flat towels.

The Association of British Launderers and Cleaners and Rental Services (ABLCRS), the industry's trade association, has estimated that turnover in 1984, the last full year for which figures are availahle, was £508m, the figure having only slowly moved np to this point over the previous three years. In 1981 it was estimated to have heen £480m. In real terms, there was clearly a drop in activity.

A slightly different, but not totally dissimilar figure was published by the Monopolies Commission in February 1985 when presenting its report on the proposed merger between Initial and Advance. This put the turnover in 1983 at £510m.

However, within this total, dry cleaning amounted to £150m and laundering to £50m and since 15 to 20 per cent of these two sectors would have been geared to the domestic sector it seems that the commercial textile mainienance field might have been about £470m in 1983.

Extracting dry cleaning/laundry from the industry figures as presenied in the Monopolies Commission report the industry is now dominated by Initial-Advance which is responsible for jnst over a quarter *of turnover*. Other *leading* companies, in order of precedence, are Pritchard (which includes Spring Grove and United Linen) with £30.3m, Sunlight, Sketchley, Johnson and Smarts, Barrow-in-Furness-based Lakelaod Peonine is a strong regional group with branches throughout the North.

Of the "true" textile maintenance sectors workwear rental is the leading area with £128m turnover and Initial-Advance and Sketchley the leading companies in it. The leading six account for about two-thirds of this secior's turnover.

Cabinet towel rental, amounts to £62m turnover with the leading six accounting for 90 per cent of the trade.

Linen rental comes to £50m, with the turnover being fairly equally shared between the leading six and the rest, with dustmat rental, industrial wipes and ancillary services each accounting for somewhere between £20m and £30m turnover and each dominated by *the big concerns*.

The problem with trying to be categoric is that the big companies bave increasingly diversified into ancilliary services and aithough Initial-Advance is now the dominant company in the sector everyooe is trying to find ways to present complate packages for clients.

The first major diversification *was lnto warm-air driers*, a subject on which there are divergent views both within and without the Industry. However, in husy areas, such as motorway stations, where usage is high and the cost of replacement or servicing, expensive, these driers have their place.

Initial went into warm-air driers seven years ago and claims It is a growing sector and bas reached the point where it makes 90 per cent of everything it services.

The fastest-growing side of the industry is, however, dust mats, an area that the layman hardly appreciates. Dustmat rental originaied, as did so much of the industry, in the US and the Monopolies Commission estimated there was 12 per cent growth between 1981 and 1983.

Mr Brian Thompson, managing director of Initial, saya that this growth *will* continue hecause few concerns, even those with their own laundries, have tha facilities io clean these mats, an increasing number of which have their own logos embossed on them and need careful treatment.

"The really exciting sector, though," according to Mr Thompson, "is workwear. In the UK, workwear is replaced about 1.2 times a week compared *with between* 5 *and* 5.5 times in the US. We bave a contract with the National Coal Board to elean miners' clothing. We change the clothes every week.

"Just imagine what a miner's outfit iooks like at the end of his shift on a Friday. It would make sense to change It more frequently and I am sure tha NCB will eventually accept this. We shall move in the UK much nearer the US average and that wili bring great benefits for tha industry."

Workwear covers a large part of Industry and that coverage is expanding. Checkout girls in *Tesco or Sainsbury* wear "official" jackets. British Rail porters, postmen, hotei receptionists, doctors and nurses, hus conductors, waiters and cooks are among those whose empioyers provide some part of their work clothing. The number is both expanding and reaching into new areas—bank staff, moior industry assembly operatives—all the time.

By contrast it wonld appear that *cabinet towels* are near their peak rise. Little growth In this sector is envisaged even though the manufacturers, and renters are doing their best to inject a "fashion" element into the business, weaving colours and patterns into the towels.

If the textile mainteoance industry is to prove its protagonists right and hreak out of its rather stagnant mould it will have to do so on the back of the service factor. Textile maintenance and textile rental is all abont servicing the customer, ways will have to be found of improving the service as well as widening the field of potential customers.

This means getting nearer the customer. This is already happening in a number of directions, most obviously at the retail level where dry-cleaning shops are now incorporating shoe-repairing facilities on site as well as using space to sell similar goods such as umbrellas, shopping bags and bandbags.

Some companies may follow Alexandra Workwear's example and become more vertically integrated, moving into the production as well as rental of clothes. Alexandra, the Bristol-based concern which went public a year ago, has a strong lead in the produce-and-rent field.

Alexondra has also shown that fashion, style and colour matter and as workwear spreads increasingly into white-collar occupations this factor wili become increasingly important. So, too, will the move towards the total-package concept—the company that offera towels, will have paper products, jackets, air fresheners in its portfolio.

There will probahly, too, be an increasing move into non-textile areas by the companies which dominate the textiie maintenance field. Initial already has about a third of its 27,000 workforce in industrial cleaning and it would appear sensihie for the industry to look to this area as a means of diversification.

Further mergers are possible, especially of the medium-sized concerns by the larger companies. The small company, with a turnover of around £2m, is probably safe from predators because it has a niche in the market. But the middle ranking concern could find itself in trouble as the bigger companies increasingly instal new and expensive machinery.

The name of the game in future will be throughput, to benefit from economies of scale and it is not difficult to envisage the industry going along the path taken a decade or more ago by the hakers, consolidating production (that is, the actual cleaning) in large regional centres.

The industry had hopes five years ago that privatisation of government-owned or run facilities would be a Nirvanah. But it was not to be and many are sceptical now about the gains to he had. The main area the companies were looking to was the National Health Service and there are bitter complaints that, while paying lip service towards privatisation, regional bealth authorities have in fact been obstructive.

Tha association is working bard on individual authorities, but the outlook at the moment is not bright. This is in contrast to the general overview, which seems to point in the direction of renewed growth after a difficult balf-decade.

CONTENTS

Workwear gives smarter returns

Rental market

ANTHONY MORETON

THE RENTAL market is dominated by the workwear, or garment, sector. This probably accounts for abont 35 per cent of the total rental fiald outside laundering and dry-cleaning though it is impossible to be too specific since figures in an industry, which is dominated by a small number of large concerns, and yet fragmented by a large number of small ones are hard to come by.

There are five main aectors to the industry and the figures used were reported by the Monopilies Commission in its adjudication on the BET bid for Initial.

WORKWEAR

This sector haa gone through a sticky patch during the recession, both because companies have been less inclined to provide clothes for employees as they sought to cut costs and because the number of people in work has declined as unemployment has risen. Even so, this is still thought to be a sector full of possibilities and one in which encouraging growth is likely.

It has been estimated thet between 8m and 10m people have some or all of their clothes provided by their employers, ranging from policemen to car-hire companies. *The sector is dominated by* BET's textile services division which was formed by the Initial-Advance merger, Sketchley and Pritchard and most of the companies buy-in and then rent on.

The sector bas seen the emergence in recent years of one or two companies which make and rent-out their own clothes, of which Alexandra is probably the most important. Alexandra, Bristol-based but with all its manufacturing facilities in Scotland, has been growing very fast and is becoming an important influence in this field.

Its strength is its computerised operation and the fact that it promises to get clothes in small batches to customers within days rather than weeks.

Although this aector has seen volume decline this bas almost entirely been at the beavy end *of the business. The sector* which provides lighter-weight clothes, to bospitals or hotels, for instance, has at least beld its own through the recession and is now moving forward.

Workwear may be cleaned *either by laundering* or dry-cleaning though as the industry is increasingly using lighter-weight fabrics, especially poly-cottons, there has been a slight ahift towards laundering. It has been predicted that this trend will continue and that eventually the vast majority of the clothes will be washed.

According to the Monopolies *Commission* report, the two sides of the husiness also tend to be dellvered separately and processed in large specialised plants dealing *solely* with workwear.

Smaller contracts, covering lighter, cleaner garments, are more likely to be collerted together with other items and processed in plants laundering a range of products.

The growth in the industry is likely to come from British patterns repeating American experience. It has been estimated that garments are replaced around five times a week in the US compared with 1.0 to 1.5 times a week in the UK. The US as a nation is a lot more cleaning conscious but there is a feeling that British users are moving increasingly in American directions.

Considerable spare capacity is *thought to exist as* a result of the recession.

CABINET TOWELS

Turnover about £62m in 1983, dominated by Industrial-Advance with over 60 per cent of the *market, followed* by Pritchard through its Spring Grove subsidiary, with 11 per cent.

This sector is thought to bave approached saturation and is under strong pressure from warm-air driers and, in some instances, paper tissues. Paper has undoubted advantages in dirty industrial processes.

Warm-air driers have become a competitive force not just because of maintenance in heavy-user areas, such as bus stations, airports and other public places, but also because they are almost certainly cheaper at higher levels of use. They do not have to be serviced so often, an advantage that undoubtedly belps to offset the higher capital cost.

Cabinet towels tend to be associated with large laundering plants and therefore the large companles have a definite advantage over their smaller competitors. They also have a more comprebensive, nation-wide service system which gives them a lead over competitors as well.

To *counter the probable saturation* of the market they have been attempting to stimulate interest in the service by providing fancy-coloured and patterned towels.

Paper towels tend to be more in evidence where hygiene is of major importance and so have a large share of the market in hospitals and food-processing companies. Three companies, Bowater-Scott, British Tissues and Kimberley-Clark, dominate the supply side.

DUST MATS

Outside the industry this is a little-considered sector. Nevertheless, it is a growing one and, again, if American experience is followed it should be one with considerable potential. Most of the companies in the industry have earmarked it for good growth.

In 1983 turnover was estimated to have been around £20m with Initial/Advance accounting for half the market *followed, at a considerable distance*. by Pritchard and Smarts.

Dust mats are rubber-backed mats of cotton or nylon, specially designed to trap dirt and soil and entrance points to buildings. They are collected weekly and impregnated during processing with a special compound that belps to absorb dirt.

There has been a tendency for companies to want either their own logo on the mats or for a word (such as Welcome) or words to he incorporated into them.

The problem of this sector is that of cabinet towels; a small number of items has to be picked up from a large number of outlets at regular intervals. *Control over service is vital.*

INDUSTRIAL WIPES

Even less appreciated by the layman than dust mats, wipes still formed a £20m a year market in 1983 according to the Monopolies Commission report, with Initial dominating with three-quarters of the market. The only other competitor of size was Pritchard.

The sector deals, essentially, with heavy industry and, in particular, with toxic substances. It is highly specialised and needs not just special plant hut careful attention to effluent.

LINEN HIRE

This market is very much geared to the hotel and restaurant businesses and so to the *tourist trade. Increasing* numbers of visitors coming to Britain, in particular, are thought to he an encouraging barometer of the sector's likely success.

In 1983 turnover was about £50m with Sunlight accounting for a quarter of the business but this is the one industrial and commercial sectors where the small concerns have the larger share of tbe market. The Savoy Hotel group, for instance, has its own laundry which undertakes all its *own work.*

There is thought to be some spare capacity in the London area, but as London is the dominant force in the tourist market any expansion of husiness will benefit those concerns operating in the capital.

Image moves up market

Laundering

ALEXANDRA BUXTON

AS A NATION we are still not as well-scrubbed as the more health-conscious Americans. *The major laundry groups in an* effort to stimulate demand, are urging their customers to focus more intently on the clean appearance and hygiene of their workforces and through their trade body, the Association of British Laundry, Cleaning and Rental Services, may soon mount a campaign urging companies to provide employees *with* a *daily rather* than a weekly cbange of clothes.

The advent of the domestic washing machine brought the demise of the laundry relying on house-to-house collections; today most commercial laundries are owned or used by the workwear rental services.

An estimate from the industry puts the number of laundries *in the UK at 700; 400* within the private sector and 300 within the National Health Service. This figure does not include the numerous on-premises laundries in places such as nursing homes which run large domestic-type washing machines.

Lever Industrial, which supplies 40 per cent of the detergent used by industrial laundries in the UK, expects demand to fall by some 11 per cent over the next five years. The reasons are given as further rationalisation within the seven groups which dominate the industry including privatisation of NHS units, plus greater automation.

Cost-cutting within laundries is seen as having a negative effect with more bleach (a cheap product) and less detergent *being used.*

The main contractors in laundering view change in terms of the decline of the smoke stack industries — traditionally the biggest users of their services—and the emergence of new market areas in career and corporate wear. It is likely that companies will diversify further into non-laundering areas to offer the customer an ever-widening package of products and services.

Already giants like Initial Services offer rental services plus washroom and janitorial supplies, industrial cleaning, security systems, hygiene and environmental control.

In laundering itself technology is making a steady impact on productivity and efficiency. The main thrust of development carried out by machine manufacturers, such as Neil and Spencer of Leetherhead, is in the areas of energy savings and automation.

There is a continuing shift in laundering away from stand-alone washer extractors to continuous tunnel washers which have improved energy and labour saving qualities. Heat recovery systems and lagging are widely used.

Automation helps to reduce the considerable (up to 50 per per) labour costs on laundering. Finishing tunnels are replacing pressing — garments are fed through the machine on hangers and "blown" into shape.

Government rental servicea are making increasing use of mirco-processor control systems to keep track of individual garments and return them to the right user.

Liquid detergents are making inroads into powdered products. Suppl iers such as Lever argue *that a liquid* reduces wastage hy cutting out mixing and can be more accurately controlled, particularly by using automatic dosing (measurement and application of the detergent). Liquid detergent can be delivered by tanker and fed straight into a fully automatic system.

Other innovations include disposable laundry bags with alginate stitchings, made by Enak of Horsham. The full bag is placed inside the machine where the stitches dissolve and the laundry is released. This bas particular appeal within bospitals where there is danger of cross-infection. To facilitate sorting, the laundry industry's research arm, the Fabric Care Research Association has developed an automatic recognition system for textile items which are marked with har coded *labels, identifiable* by laser readers.

At the opposite end of the spectrum to the increasingly automated laundering giants, Swiss Hand Services, a family business based in London, has carved out a *profitable* niche in hand washing and ironing aa part of a high-class service with a personal touch. It specialises in made-to-measure shirts, wedding dresses and table linen.

True devotees send their garments hy post rather than entrust them to anyone else. To supplement its home collect-and-deliver operation, it will be launching an executive valet service to cater for business men at their city offices in the next few months.

The specialist carves out a lucrative niche

Buying versus Rental

ALEXANDRA BUXTON

EMPLOYERS looking at the pros and cons of huying or renting workwear face a choice familiar to anyone who *has* acquired a television set. The buying alternative may well prove cheaper in the long run yet the initial capital outlay is high, and servicing and replacement may prove a time-*consuming* problem.

The National Coal Board faced this question in 1983 when it considered the alternatives on offer. It opted to go for a rental service provided by a combination of eight different companies who share the £9.5m (1983 estimate) a year contract.

The board and the miners were relieved of the major beadache of providing and laundering work clothing. Any decline in the size of the workforce could he met by a correspondingly reduced service rather than a sudden surplus of garments.

In the case of the NCB and other employers, the provision of workwear is seen as an integral part of labour relations. Each man is measured and fitted with a choice of jacket and trousers or boiler suit and most garments are *personalised.*

The design, says the NCB, is for maximum safety and visibility with quick release fastenings. For men working in high temperature environment *specialist fabrics, such as* Nomex and Proban, are used for maximum protection.

While Britain's miners still produce a greater bulk of dirty washing than any other workforce in the country, the overall decline in heavy industry has forced companies providing workwear to look at new sectors. They are following work trends hy aiming their services increasingly at white collar workers and even the upper echelons of management. The Sunlight group, for example, aims to clothe employees from the board room to the boiler room, offering a range from tailored suit to bib and brace.

Througbout the big groups there is a move to penetrate the growth areas, such as retailing, where firms have tended to bny employees' clothing and either provide washing *machines or leave laundering* responsibilities to employees themselves. McDonalds' restaurants, for example, are fitted with washing machines operated hy the staff, while Boots' employees wash their own workwear at home.

The rental service groups argue for greater specialisation: let us look after your workwear and leave you to concentrate on your own business. *Sketchley*, for example, bases its own employees on customers' premises to take the workwear burden off management's shoulders.

The other advantage in using a specialist is that a company *can be sure of expert advice* on garment design and cloth type. According to the Smarts Group, a correct cboice will lead to greater longevity and the provision of a set of garments per employee will have the same effect.

A bigh standard of laundering and finishing will be ensured, enhancing the company's image. Continuity of supply is another factor cited in favour of renting. The rental company can ensure a continuous replacement service whereas an employer buying garments cannot guarantee a renewed supply of the same style and cloth if he needs them at a later date.

The stand alone washing extractor is being replaced by continnons tunnel washer with improved energy and labour saving qualities

Cost-cutting exercises

Dry cleaning

ALEXANDRA BUXTON

IN TEXTILES, the influence of fashion is everywhere—even in demand for dry cleaning. The rise of man-made fibres brought more machine washeble clothing on to tha market.

The swing back to natural fibres, such as cotton and wool, has been good for dry cleaners as, too, has the mass market clothing retailers' move into higher quality garments, with a greater likelihood of Dry Clean Only labels.

Many rental service companies dry clean wool garments and cotton, due to its tendency to sbrink and lose its colour in washing. Most workwear is now in a resilient polyester/cotton blend and the US fabric manufacturer, Klopman, recently launcbed a cotton-ricb fabric, Challenger, aiming to round up the remaining pure cotton market by offering the easy care of a majority polyester cloth with the absorbency and soft handle of pure cotton.

The dry cleaning industry, which has a turnover of £150m-£200m per year, has recently been examining ways in which to improve and diversify its aervices. It has also been looking at improvements in technology *as a means of cutting costs* and adding to efficiency. Higher running costs, for example, have stimulated machine manufacturers to develop dry cleaning equipment which recover and recirculate expensive solvents.

On *the retail front new* services are being offered to the customer. Sketchley, for example, launched last year a system called Pronto bag. The customer is given a form to complete and a bag in which to place all items—including shoes—which need cleaning. The bag is dropped at the shop with no need to queue or check in *individual objects.*

There is concern within the retail dry cleaning sector over control *of* standards — not among the larger chains but among one-man operators.

The Association of British Laundry, Cleaning and Rental Services is to implement a quality approved dry cleaning scheme to lay down guidelines for operation and a codc of practice. The Fabric Care Research Association, the industry's technical body, already offers shops an assessing and advisory service which examines 60 "pulse points" and culminates in a report and a pass or fail mark.

Dressing up time

Changing styles

ALEXANDRA BUXTON

BOOTS THE CHEMIST is reclothing its 42,000 shop assistants. The new styles are designed to reflect the different areas of the stores by means of colour. Staff in the sound and vision sections will wear grey uniforms with yellow trim, those in the cookshop, cream and brown, as an integrated part of company image. Female assistants are to wear dresses rather than overalls.

Staff clothing is seen by companies such as Marks and Spencer, Hertz or Avis, as an important part of corporate identity. Throughout businesses with a high level of customer contact—such as the retailing and service sectors—the trend is steadily away from the traditional nylon overall towards more stylish, smarter clothing. Suppliers refer to this developing market as "corporate clothing," "corporate wear" or even "vocation clothing" as distinct from workwear. Image, not protection, is the essence.

No doubt some of the impetus comes from a younger generation of employees—shopping for their own clothes—as well as from companies themselves competing for an increasingly design-aware consumer. The high number of women in employment—especially in these expanding industries—has provided a challenge for manufacturers and rental services.

Women are more critical than men of the fashion content io workwear and may be suspicious of laundry services, according to Tony McMichael, director of Sketchley's Rental Services division which has roughly 2m workwear garments in circulation. The company is considering a range desisned specifically for pregnant working women—an example of social trends reflected in manufacturing.

A leading fahric manufacturer, Klopman International, part of the US group Burlington Industries, is sponsoring a design project at Leicester Polytechnic where second year fashion students are using Klopman fahrics to develop outfits for high street shop staff—from fast food outlets to banks.

Workwear designed by Annabel Feez as a range of interchangeable separates for the pharmacy, cookshop and perfume sections of Boots.

Mr Peter Morgan, head of department at Leicester, is critical of what he calls the "red, white and blue colour syndrome" applied to workwear. He believes that companies could make better use of colour and take fashion swings ioto account, such as the established move to more ample garment cut and smaller size collars.

Carrington Apparel Fabrics is the biggest manufacturer of workwear cloth in the UK producing 8m metres a year. The concern sees careerwear remaining the area of most growth with indications that women's work clothing may shift to separates—skirts, jackets and blouses—from dresses in yet aoother step away from the original "drab overall."

Mr John Prior, managing director of Alexandra Workwear, a major customer for Carrington, which has a turnover of approximately £25m agrees. The company has a 20-year association with the fashion deigner, Hardy Amies. He sees the company's future in offering a wide range of variety; already some garmeots are available from stock in over 20 colours.

On the retail side, Spring Grove recently launched a corporate garment services consisting of a co-ordinated package of separates for men and women which can be screen printed or embroidered with a company's name or logo. Its product development manager, Mr Andrew Starbuck says that although the range will account for only a small percentage of overall turnover in the near future, it will be providing new business and opening up a fresh market.

The Sunlight Group is another contender with its offshoot First Impressions providing what it calls designer workwear or vocational clothing.

Concern with company image is stimulating business to look at every area. At present cabinet towels in customer's washrooms are confined to white plus a few basic colours such as blue or brown. There is no reason why towels too might not be seen as part of a company's corporate colour indentity. Spring Grove already offers dust control mats with company logos.

Throughout industry as a whole greater thought is going into colour and design. Workwear is no exception, and suppliers and manufacturers are respooding by developing fabrics and garments with enhanced aesthetics.

A mechanic uses paper wipes for cleaning np after a dirty task

Cleaning up on dirt

Paper

ANTHONY MORETON

PAPER MAY not be a "textile" product but in the field of textile maintenance there is considerable competitive overlap betwen it and yaro fabrics. In some areas, such as where dirty or greasy cleaning is important, or where hygiene is of paramount importance, paper has a distinct advantage over other materials.

This gives paper enormous importance in the medical field and, therefore, the National Health Service. The obvious example is wipes but opportunities for paper range much wider. There is a case for seeing paper products such as sheets and overalls as direct and possibly more efficient end-products.

The economic argument hinges on cost. Is it cheaper or more economic to buy disposable paper sheets or paper overalls or go for fabric items and have them laundered? The balance lies between more expensive paper products and possibly cheaper textile fabrics to which the cost of laundering and handling has to be added.

There is probably no definitive answer to this question because each buying agent will be conditioned by attitudes to paper as a product hy comparison with fabrics.

Undoubtedly, though, paper has a distinct advantage over fabrics in textile maintenance where dirt is the first consideration.

Paper is certainly a more economic wipe than the cabinet roller towel. The Monopolies Commission report showed that the cost each time a cabinet towel was used was 0.55p (figures based on 1983 costs).

Paper towels were dearer for each item of use where there was little traffic—say between 30 and 50 wipes a day. Once the number of wipes reached 100 paper became more economic and at 200 wipes a day paper was considerably cheaper than cabinet towels.

Looked at in a different way, Kimberly-Clark, one of the big-three paper producers in the UK, has estimated that a roller-towel gives 120 pulls on average but, discounting the number of times the roller is pulled twice, an average figure of 60 hand dries would be more accurate.

An average case of paper towels would contain 4,800 sheets and cost £16. Taking two towels a dry (perhaps a touch on the low side) there would be 2,400 dries a case, working out at 0.8p a dry.

A cabinet roll towel costs about 60p a roll on the Kimberly-Clark figures and, given 60 dries, averages 1p a dry. On this basis, paper is 20 per cent cheaper.

The UK market for paper wipes is estimated to be around £50m of which the big three producers — Bowater-Scott and British Tissues are the others — account for around 80 per cent. It has also been estimated that the paper side of the business accounted for 40 per cent of the market for hand drying and is growing at about 20 per cent a year whereas the cabinet-towel sector is virtually static.

Kimberly-Clark has been marketiog washroom products for some 30 years and in the last half-dozen has been branching into a number of different lines.

In 1980, for instance, it developed a number of integrated systems covering soap, hand towels and a dispensing toilet tissue system to give improved hygiene and reliability.

Subsequent developments have included wipes made from polypropylene and, two years ago, a repeat-use wiper made from a blend of polypropylene and pulp.

The same year the company developed a triple layer composite material specifically for the manufacture of industrial workwear. The first extension of this was into industrial boiler suits, which were considered particularly suitable for jobs such as paint spraying. Other areas suitable for paper-based protective workwear inclnde asbestos, glass-fibre and where there is a danger of toxic contamination.

There is, however, a moral to this story about the use of paper and its possibilities.

Thirty years ago the shirt manufacturers brought out a disposable paper collar to save laundering. In those days detached collars, with their studs, were de rigeor. Today, the paper collar has gone the way of the dodo and the sloth. Nothing stays the same for ever.

Diversification search goes on

Development

ANTHONY MORETON

THE GROWTH of the textile maintenance industry as it is known today dates from the mid-1960s though its birth can be traced back at least to tha Edwardian era.

The industry owes its development to a large extent to the introduction of the domestic washing machine. Before this, laundries employed large numbers of people at central plants —Achille Serre alone had more than 2,000 people in the 1950s at one of its plants in east London — washing for both domestic and industrial customers.

The washing machine and later developments to incorporate spin drying, dealt a heavy blow to the large launderers. This was not at first apparent because most small washing machines were in launderettes and the move away from the delivery man was slow.

However, once washing machines began to be plumbed into the home in increasing numbers laundries found their labour-intensive plants increasingly uneconomic as throughput dried up. It therefore became necessary for them to look for alteroative sources of work.

At about the same time the laundries were also being hit by the introduction of easy-care fabrics which meant domestic items did not have to be sent to laundries. The first and most important—and, later, most notorious as the process backfired—was the drip-dry shirt, the nylon shirt that could be washed in e handbasin, left to drip overoight and woro the next morning without ironing or airing.

But the introduction of other man-made fibres, such as polyester, in the middle 1950s woven into a whole range of garments and domestic linea further decreased the amount of domestic washing sent to laundries.

Initial Services had been offering a service, especially with towels, to industrial and commercial users for years and this seemed to most launderers to be the obvious area in which to expand in order to provide work for their now idle plant.

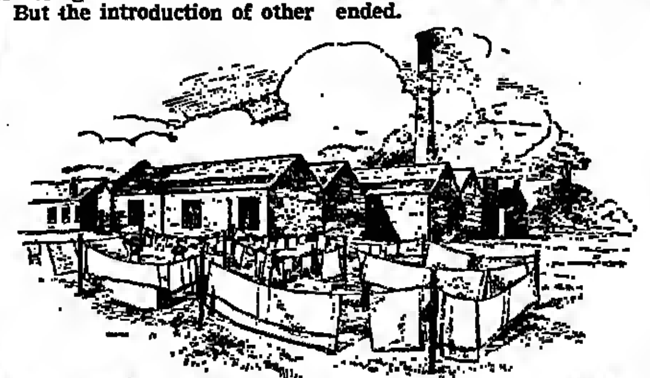
After Initial'a lead many started to provide a roller towel service, a short length of towel, perhaps no more than 4 ft to 5 ft, on a roller. The attraction of the towel in place of paper tissues was immediate and apparent but the disadvantage was also great: where there were large numbers of employees the towel became dirty or wet—or both—long before it could be replaced.

Eventually, the companies hrought in the cabinet towel and although this has its disadvantages such as when the end drapes itself across the floor, it has been almost universally accepted in washrooms where paper dispensers are not used.

At the same time as these developments were taking place, in the early 1960s, the hotel industry and the restaurant trade in particular, were looking at ways in which to lessen the burdens of stock-carrying.

Most hotels at this time carried large supplies of their own towels which were usually sent away for laundering. They soon became convinced of the attractions of renting sheets and tablecloths rather than carrying heavy stocks.

Subsequently, textile maintenance has branched out in many directioos but there is no indication that the search for successful diversification has ended.



1911 Gleniffer Laundry when linen was dried in the open air at Catford, then a rural area.

£84m market draws keen pricing

National Health Service

ALEXANDRA BUXTON

AT ANY one time there are roughly 270,000 people in National Health Service beds, ministered to by an army of 400,000 nurses, according to 1984 figures from the Department of Health and Social Security. The largest hotel chain in Europe with requirements on a correspondingly large scale, is how one of its supplies officers describes the NHS to potential suppliers.

An estimate based on 1985 figures puts its annual bill for staff uniforms at £25m, for bedding and linen at £30m, for patients' clothing at £17m and for curtaining and towels at £12m. This £84m total represents a very sizable, though rigorously cost-conscious, market to UK suppliers.

Not a single article is imported directly although many are imported indirectly; around 50 per cent of the cash spent is reckoned to find itself in the bands of British suppliers and manufacturers, and 50 per cent overseas.

The DHSS stipulates that tender documents from potential suppliers to the NHS must show the ronte of a product — for example where bedlinen was woven, where finished and where cut and bemmed. The directive followed by buying officials is to look for the best value for money on each separate occasion though a small degree of flexibility in favour of a majority British route is retained.

In some areas, such as Northern Ireland, local mannfacturers eligible for development aid may have the edge over outside suppliers.

A continuous programme of cost-cutting is the biggest challenge faced by NHS officers and all products and services are being subjected to close scrutiny. As a result the NHS is increasingly felt as a commercial force in the textile sector.

The Northern Region Health Anthority last year focused its gaze on the large quantity of terry nappies used in maternity wards. Newborn babies, it reasoned, did not really require standard nappies and 25 per cent was lopped off the size, reducing capital outlay and laundering costs proportionately.

The supplier of these smaller versions is Cromptons of Huddersfield and the manufacturer Ashtons, part of Courtaulds, in Lancashire. There is a distinct possibility that these mini-nappies may find themselves on the wider retail market.

The dimensions of 100 per cent polyester sheets (which unlike cotton need not allow for shrinkage) and tea towels (traditonally manufactured larger for hospitals) have been treated to a similar scaling-down operation.

Fire retardant polyester-filled pillows which survive at least five washes—instead of being thrown away once soiled—have been developed by Fogarty's and are in their first year of general use. In general, launderable textile products are still considered more economical than disposables which are often used to fill a gap. Patients, too, are said to favour conventional wovens over disposable non-wovens.

Until recently NHS suppliers' and manufacturers' standards were scrutinised by a Ministry of Defence watchdog but now the NHS is to make more factory visits itself and a certificate of conformity scheme is being developed. Consistency and quality, however, from UK makers are not considered a problem; one NHS spokesman described British quality as "damn good," the only problem being getting it.

In 1984-85 NHS laundering of bedding, uniforms and patients' clothing cost £64m in England alone. A small proportion of this was expenditure on private sector laundry services, used primarily as a fall back while in-house bospital laundries did the bulk of the work.

In September 1983 the country's 192 district health anthorities were instructed to put their laundering requirements out for competitive tender by September 1986 with hospitals' own laundries tendering alongside commercial enterprises.

There is now considerable feeling within the private sector that tenders from NHS laundries are unrealistically low and fail to reflect indirect costs such as porterage and machine maintenance. Its trade body, the Association of British Laundry, Cleaning and Rental Services has suggested that NHS laundries should be subjected to an independent audit arriving at a price-per-piece (item laundered) which would stand up to a more valid comparison.

Since 1983 some 90 have gone through the process with under a third of contracts won by the private sector. In many cases contracts have been won due to closure of the NHS laundry rather than on the basis of competitive tenders says Mr Simon Rawlins, director of the ABLCRS.

According to Mr Rawlins the first sizable contract won by an outside service purely on the basis of its favourable tender was Northampton DHA which earlier this month announced that it has awarded its contract, worth £6.25m, to Initial. The company will be leasing the present NHS laundry which serves four local DHAs, washing 190,000 items a week. Initial says it expects to expand this turn round, picking up more hospital work.

The NHS laundry at Fulhourn, Cambridge will he among those tendering alongside the big commercial gronps in the next few months. It serves the whole of the Cambridge DHA and launders to a target of 95,000 pieces per week. It was substantially re-equipped two years ago with modern tunnel washers when another local NHS laundry was closed.

As manager Mr Alan Paul points out, NHS laundries bave a natural advantage as they do not need to make a profit, although—as elsewhere in the NHS—the pressures to cut costs have intensified. At Fulbourn, heat reclamation units recycle beat from the tumble driers and calenders used for pressing while a high level of technology saves on the considerahle labour component in laundering costs.

NHS managers are now able to take more initiative in their own areas and Mr Paul views the impending competition from the private sector as providing opportunity for a re-assessment of the lanndry'a performance as experienced by its users.

To date rental services have not made much of a dent in the NHS with the exception of a few cabinet towel suppliers. Some rental companies feel that the services they offer have not been given proper consideration.

Hugh Routledge

A BMM Weston multi-master garment press in use at Whipps Cross Hospital laundry, part of Waltham Forest Health Authority

PROFILE: Bourne Services

By Anthony Moreton

Personal touch provides rewards

BOURNE SERVICES may be a tiddler of the industry in turnover terms but it is, in the words of its chairman, Mr Stuart Stroud, "one of the top 10 companies in this business in the country."

Bourne is perhaps a surprising place to find such a "bine-chip" company. It stands half a dozen miles from the historic town of Stamford and twice as far from the Wash.

From this unlikely base Bourne Services claims a catchment area as far as Stevenage and Bedford to the sonth, the Norfolk coast to the east, Derby to the north-west and Lincoln due north.

That catchment area is sustained and nurtured on service. "The personal touch is all-important for a small company," Mr Stroud says, "it is what keeps us ahead of the competition.

"We believe local botels and businesses are becoming increasingly disenchanted with the policies, methods and supplies of some of the larger, high-profile companies and are turning to the smaller operator to provide the standard of service they require."

Bourne was started in 1932 by Mr Stroud's father and the company has remained both private and personal; a third generation, Hedley is finance director, carrying on the family tradition.

Until the Second World War it was a domestic launderer with some contract work; war inevitably changed things and it changed emphasis to the contract side as it catered for the services.

The post-war years saw a return to labour-intensive domestie laundering hut the days of the chain laundry were coming to an end, nibhled away gradually by rising costs, shortage of labour, alternative life-styles and, eventually, the arrival of the launderette and the domestic washing machine, which made the weekly delivery round first uneconomie then obsolete.

The Strouds saw the future lay more in linen hire and so they sold their 14 shops (keeping just one on the laundry site) and ploughed the money into new plant and machinery and linen as they sought to supply hotels and restaurants.

"Our new plant meant we could keep our overbeads, and so our unit eosts, completely under control," Mr Stroud says, "and this is the secret of our success. We keep ploughing back profits. In the last few months we have invested something like £90,000, which is good going for a company our size."

From linen hire Bourne Services moved into workwear and these two sectors now account for the vast hulk of the company's £2m a year turnover, up 16 per cent last year. About 60 per cent of income comes from linen and 40 per cent from workwear.

But the company is always looking for ways to diversify and lessen its dependence on these sectors. It now supplies its own textile-maintenance customers with a range of ancilliary goods, such as soap and soap dispensers, and will use its delivery vans to take anything, within reason, a client might want.

"If the client wants safety shoes, then we will deliver safety shoes to them," Mr Stroud says. "These bolt-on services offer a good future. And it's part of our philosophy. Keep serving the customer and they will come back to you."

PROFILE: Bodycote International

Room for expansion in career apparel

TOUGH WORK in hostile environments, career apparel and the growing trend of displaying corporate identity through company uniforms are the basics on which Bodycote International's workwear business is built.

Claiming to be the UK's largest supplier of workwear after Alexandra, Bodycote has two distinct, unconnected activities. In recent years its money and energy have been directed towards developing its metal treatment operations whose customers include British Aerospace and Rolls-Royce.

Meanwhile, its textile business, the original foundations of the company, has been left to grow organically, generating its own investment cash and with little forced feeding from group management.

Producing 60,000 garments a week, workwear accounted for about 60 per cent of the company's £31m turnover last year. With its headquarters in Manchester and producing workwear at six factories in the UK and two in Holland, Bodycote makes more simple work apparel like hospital white coats, nurses and school uniforms. But it tries to steer away from high-volume, low-value-added clothing.

"Anyone can produce dustcoats. If you are going to be heavily in that market you are going to be under pressure from cheap imports," Mr Joe Dwek, chairman and managing director, says. Imports of workwear account for 10 per cent of the UK market, mainly from the Far East, but are principally directed at the lower end of the market where a boilersuit can cost under £5.

Bodycote has specialised in protective clothing. This includes military combat jackets, camouflage suits with anti-infra-red materials, suits for "life threatening" situations with asbestos and lead lining, water proofing and semi acid-resistant fabrics. It also has a £2m business making goggles, helmets, respirators, ear protectors and chrome alloy gloves. Camouflage suits can take more than three times longer to make than non-protective clothing.

It is the growth of what might be termed "career apparel," however, which has opened up the prospects of a new expanding market for Bodycote and companies like it.

The visible expression of corporate identity is becoming more important in Europe and Bodycote already produces career apparel for Texaco, Shell and ICI, the Post Office and health authorities.

Uniforms, whether used by Marks & Spencer or British Airways, are more fashion-orientated but they must have merit as functional apparel. Bodycote has a design team of four in London. The group is expecting turnover this year to be around £40m with profits up from £1.7m to £2.8m.

Built-in obsolescence of clothing, the disappearance of some smaller competitors and what Mr Dwek says has been a steadily increasing market share for Bodycote in workwear — and that corporate identity trend—has kept its business growing.

Nick Garnett

PROFILE: Savoy Hotel Laundries

By Anthony Moreton

Pampering the executives

TUCKED AWAY in an anonymous side-street in the south London suburb of Clapham is one of the last grand laundries in Britain, perhaps even in Europe.

From a distance it is difficult to pick out the lettering on the plain black gates and perhaps only the garden courtyard gives a clue to the occupiers. Nearer, the title becomes more apparent: Savoy Hotel Laundries.

The Savoy group—the Savoy itself, Claridge's, Connaught and Berkeley, together with Simpsons restaurant—comprise one of the most exclusive hotel "chains" in the world. They exude power, sophistication, service and quality and provida the conditions under which their clients are quietly but unobtrusively pampered.

All the sheets are linen, the hathrobes embroidered, the napkins and tableclothes linen as well. The laundry therefore handles a quality of throughput that few other laundries in the world see. The sheets cost £90 a pair. Mr Ron Davidson, director of the laundry, says the Atlantie in Hamburg, some other German hotels and one or two elsewhere might approach the Savoy's standards, but not many.

"The hotel group is very much at the luxury end of the business and so we, as a laundry, bave to be a luxury service," he says.

This means it has to be geared not merely to washing top-quality linen but also to washing and dry-cleaning clients' clothes. Laundry handed in at the hotels hy 9 every morning reaches Clapham by 10 and six hours later it is on its way back for placing in each room by 6pm.

Some of the individual laundry comes in shipping lots. American businessmen are apt to bring in as many as 40 shirts at a time and one Saudi Arabian bill amounted to £1,000.

"Sometimes we get a couple of days' advance warning, from an executive's personal assistant, that a heavy load will be arriving," Mr Davidson says, "more often we don.t It all has to be returned, having been inspected and repaired, where necessary, in six hours."

The laundry is a separate profit centre within the group and therefore "charges" for its services. Last year its incomo was £1.7m, of which a third was botel guests' laundering. Since there is spare capacity in the laundry Mr Davidson takes in other people's washing and items from some of the more famous London botel names can be seen going through his washing machines and ironing rollers.

He estimates that 80 per eent of his work is in-bouse and the rest comes from other hotels. At one time, the laundry took in private work, collecting and delivering all over London, but those days disappeared in 1970.

Out of his profit, Mr Davidson has to find his own investment resources, which can be beavy. The laundry has spent £1.6m on new plant over the last five years and each piece of equipment is duplicated so that in the event of a hreakdown the botel guest can still get his clothes back on time. "The last time we failed to deliver on time," he boasts, "was in 1972."

The Savoy is the exception rather than the rule now; the day of the hotel laundry has disappeared; most botels and hotel groups sub-contract their work out.

"We could not possibly do this," be says dismissively. "Linen sheets not only cost a lot more but weigh half as much again as cotton ones.

"Consequently, they cannot be ironed as fast and we have to be more labour intensive. For the hotel guests you have to top up everything with hand ironing."

Numbers are not nearly so important to Mr Davidson as quality of work performed hut, even so, he handles up to 80,000 napkins a year, 20,000 sheets, 20,000 towels and 30,000 pillow slips.

The sheets have a life of 200 washes, the napkins about 160 though not all of them make it this far. Hotel losses are notorious. One guest was even discovered to have stripped the sheets off his (or her?) bed. "It's all so senseless," be says. "There's no way you could wash linen sheets at home and I doubt if many commercial laundries would handle them now, not to any level of satisfaction, anyway."

Mr Ron Davidson, director and general manager and Mrs Claire Dussard, assistant manager, keeping an eye on personal service at the Savoy Hotel Laundries.

هكذا من الأصل

FT COMMERCIAL LAW REPORTS

Argyll Group loses appeal over merger

REGINA v MONOPOLIES AND MERGERS COMMISSION AND THE SECRETARY OF STATE FOR TRADE AND INDUSTRY, ex parte ARGYLL GROUP PLC
Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Dillon and Lord Justice Neill): March 14 1986.

WHETHER MERGER proposals referred to the Monopolies and Mergers Commission have been abandoned is a question of fact which relates only to proposals already existing at time of reference, and is to be decided by commission members and not by the chairman alone unless abandonment is clear: and the court, when deciding whether to grant judicial review of a decision to lay aside the reference, will have regard to the requirements of good public administration including the weight to be given to the applicant's interest.

The Court of Appeal so held when dismissing an appeal by Argyll Group PLC from Mr Justice Macpherson's refusal to grant judicial review of a decision by the Chairman of the Monopolies and Mergers Commission to lay aside a reference made by the Secretary of State for Trada and Industry in respect of a proposed merger between Guinness and Distillers Company.

Section 75 of the Fair Trading Act 1973 provides: "(1) A merger reference may be made to the Commission by the Secretary of State where it appears to him that it is or may be the fact that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a merger situation qualifying for investigation . . . (5) If . . . it appears to tha Commission that tha proposals to make arrangements such as are mentioned in the reference has been abandoned, the Commissioner (a) shall, if the Secretary of State consents, lay the reference aside . . ."

* * *

SIR JOHN DONALDSON said that on December 2 1985 it was announced that Argyll had offered for the whole of the issued share capital of Distillers not already owned by Argyll, on terms said to be equivalent to 513p a share.

The first Guinness offer, announced on January 20 1986, was for the whole of the issued share capital of Distillers on tarms said to be equivalent to 625p a share.

The second Argyll offer, announced on February 6 1986, was the same as the first, except that the revised terms were said to be 645p a share.

On February 13 the Secretary of State exercised his powers under the Fair Trading Act 1973 and made a reference to the Monopolies and Mergers Commission.

Under the City Takeover Coda an offer was conditional on there being no reference to the Commission. If a reference was made, the offer lapsed.

Guinness's offer having lapsed, it entered into discussions with the Takeover Panel to see whether a new offer could be made. On February 17 Guinness met the chairman of the commission and indicated what was in its mind. On February 19 the chairman was satisfied that the "proposals to make arrangements mentioned in the reference" had been abandoned and that, subject to the consent of the Secretary of State, it was appropriate to lay the reference aside. The Secretary of State gave his consent.

The following day, February 20, Guinness and Distillers jointly announced a revised bid. Like the previous offer, it contemplated acquisition of all Distillers' shares but, unlike the previous offer, both parties agreed to divest themselves of certain whisky brands so that the combined group's UK market share in whisky would he reduced to about 25 per cent.

Argyll sought judicial review of the decision to lay aside the reference. Mr Justice Macpherson refused the application. Argyll appealed.

The first issue was whether the chairman correctly directed himself in law when he concluded that the proposal had been abandoned.

Argyll submitted that the second bid was merely a variation on the theme of the first, and there was no basis for contending that the proposal had been abandoned.

The Secretary of State could make a reference to the commission if he knew or suspected that a merger qualifying for investigation had been created or was contemplated.

The Commission was concerned not with suspicion, hut with actual situation. Under section 69 it must determine whether the merger situation qualified for investigation; and if so, whether it might operate against the public interest.

By section 75 (2) it was to proceed as if arrangements had actually been made. That was for jurisdictional purposes only. The commission was not required to consider the effect on the public interest on the basis of the merger taking effect on some hypothetical date.

Section 75(5) provided that the reference could be laid aside if it appeared that the proposal to make arrangements "such as are mentioned in the reference" had been abandoned. Argyll submitted that that meant every proposal to make arrangements of the genus mentioned in the reference.

That was not the true construction. The reference could not be of arrangements which were not then proposed. It was a reference for investigation of arrangements which appeared to the Secretary of State to be in progress.

It was a reference of arrangements then *in fact* in progress or in contemplating. The use of "it . . . may be the fact" in subsection (1) reflected only the possibility that the Secretary of State might be wrong.

Argyll's view was not accepted. If the company were right, the commission would, as part of the original reference, have to consider and report on the new proposals, and there was every likelihood that it could not do so within the six-month time limit imposed by section 70.

If Argyll were wrong, any truly new proposal could be the subject of a separate reference with its own time limit.

It would always he a question of fact and degree whether proposed or contemplated arrangements had been "abandoned" and new arrangements proposed or contemplated, or whether the so-called "new arrangements" were merely an amended form of "old arrangements."

That was a matter for the commission. It had to ask itself whether the new proposal, which excluded whisky activities, was sufficiently different from the original for it to be said the original had been abandoned.

The chairman did not misdirect himself in law on the abandonment issue. The Secretary of State should accept his finding of fact and then exercise his discretion to consent or to refrain from consenting to the reference being laid aside.

The second issue was whether the chairman had power to act alone on behalf of the commission.

Merger references were not, in practice, conducted by the commission as a whole but by smaller groups of members formed on the chairman's direction under paragraph 10(1) of Schedule 3 to the Act.

The process of selection took a little time and meanwhile the chairman set the investigation in progress by writing to all concerned requesting information. Although there was no express statutory authority for him to do so, it was administrative or ministerial activity performance of which was within the intendment of Parliament.

Once the chairman had given the necessary direction and the group had been formed it was for that group and not for the commission as a whole nor for the chairman as an individual to conduct the reference and to decide whether there had been an abandonment.

However, most abandonments took place soon after tha reference was made hefore a group was formed, and the chairman took the decision on behalf of the commission.

From a practical point of view that had much to commend it. Time was money. If a reference were to be laid aside it was important that that be decided and made known at the earliest possible opportunity. Therefore, where the fact of abandonment was clear beyond argument none but the most dedicated purist would object to the chairman taking that action.

However, the present case was different. The fact of abandonment was open to argument and Argyll had objected.

While the commission must be taken to have tacitly accepted and approved the practice as being the only sensible way of dealing with abandonments with sufficient promptitude at a stage when the commission had not yet in any real sense entered on the reference, it was not within its power to do so and the chairman could not derive any authority independently from the Act.

The third issue was whether Argyll had sufficient interest in the matter to which the application for judicial review related.

Order 53 rule 3 (7) of the Rules of the Supreme Court provided that the court should not grant leave to apply unless it considered the applicant had sufficient interest.

Argyll clearly had sufficient interest to be granted leave to apply for judicial review. The strength of its interest was one of the factors to be weighed in the balance as part of the issue of discretion.

The fourth issue was how the discretionary remedy of judicial review should be exercised. The court had to approach its duties with a proper awareness of the needs of public administration. Good public administration was concerned with substance rather than form. There was little doubt that the commission would have reached the same conclusion on abandonment as did the chairman.

Good public administration was concerned with speed of decision. The decision to lay aside the reference was reached on February 20.

Good public administration required a proper consideration of public interest. The Secretary of State, guardian of the public interest in the present context, consented to the reference being laid aside.

Good public administration required a proper consideration of the legitimate intarests of individual citizens. In judging the relevance of an interest regard had to be had to the purpose of the administrative process. Argyll had a strong and legitimate interest in putting Guinness in baulk, but that was not the purpose of the administrative process under the Act. To that extent therefore, its interest was not of any great weight.

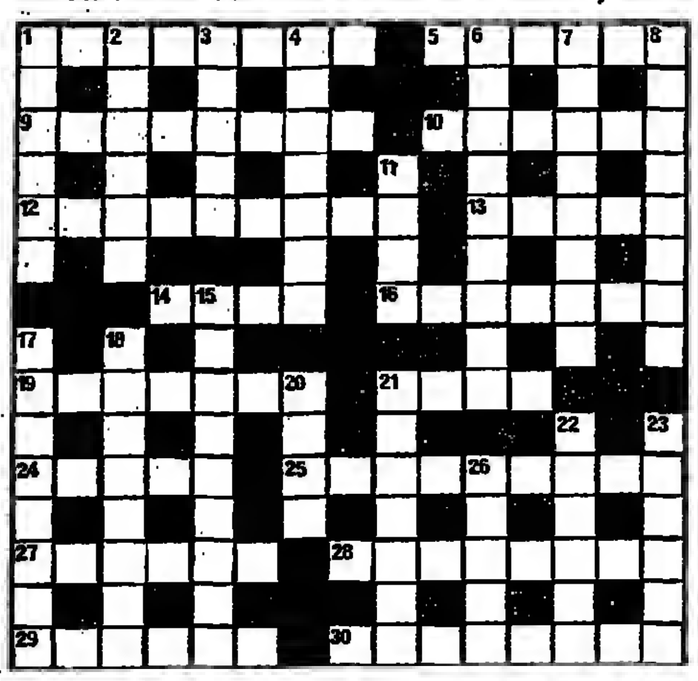
Good public interest required decisiveness and finality, unless there were compelling reasons to the contrary.

Taking account of all those factors, this was not a case in which judicial review should be granted. The appeal was dismissed.

Lord Justice Dillon and Lord Justice Neill gave concurring judgments.

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,975



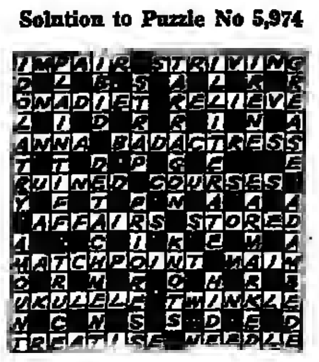
ACROSS

1 Chopped meat diet to consider (8)
5 Grumble, like mother of a kind, say (6)
9 Like a ship that is upright but sluggish (8)
10 Flower for the old man? (6)
12 E.g. wood shelter for roundsmen? (9)
13 Old cold rhubarb (5)
14 Dicey way for kids to get home (4)
16 Open-air apparel to last longer (7)
19 RA in loose application of paint-sprayer (7)
21 Romantic song rendered falsely (4)
24 Celtic player did include the other game (5)
25 Hates burn treatment—so one is cautious (9)
27 Bring out energy that is lawful (6)
28 Taking to Bede in translation, like a good monk (8)
29 Marry! Tolpuddle leader could be one (8)
30 They are employed in plucky pincer-movements (8)

DOWN

1 Rancour of married nanny (8)
2 Field event to talk about endlessly (8)
3 Henry on slope for land-cultivation (5)
4 For this Roman shelter, try upper-class party (7)
6 Leading-lady of tha cinema (9)
7 Beamed, perhaps, having met bride unusually (8)
8 Flower, so merry a variety! (8)
11 Section of divorce centre normally used (4)
15 Words of encouragement for one bringing up a child (3-1-5)
17 Light fantastic idea (8)
18 In using a rake, he has his betters (8)
20 Off-course? Behold the way! (4)
21 Weapon taken by much-acclaimed actor? (7)
22 Bellows-noise is a joke (6)
23 Boxes at lightweight? (6)
26 Muddled divine in drink (5)

Solution to Puzzle No 5,974



BASE LENDING RATES

ABN Bank	12½%	Grindlays Bank	‡12½%
Allied Dunbar & Co.	12½%	■ Guinness Mahon	12½%
Allied Irish Bank	12½%	■ Hambros Bank	12½%
American Express Bk.	12½%	Heritable & Gen. Trust	12½%
Amro Bank	12½%	■ Hill Samuel	§12½%
Henry Ansbacher	12½%	C. Hoare & Co.	12½%
Associates Cap. Corp.	12½%	Hongkong & Shanghai	12½%
Banco de Bilbao	12½%	Johnson Matthey Bkrs.	12½%
Bank Hapoalim	12½%	Knowsley & Co. Ltd.	13 %
Bank Leumi (UK)	12½%	Lloyds Bank	12½%
BCCI	12½%	Edward Manson & Co.	13½%
Bank of Ireland	12½%	Meghraj & Sons Ltd.	12½%
Bank of Cyprus	12½%	Midland Bank	12½%
Bank of India	12½%	■ Morgan Grenfell	12½%
Bank of Scotland	12½%	Mount Credit Corp Ltd.	12½%
Banque Belge Ltd.	12½%	National Bk. of Kuwait	12½%
Barclays Bank	12½%	National Girobank	12½%
Beneficial Trust Ltd.	13½%	National Westminster	12½%
Brit. Bank of Mid. East	12½%	Northern Bank Ltd.	12½%
■ Brown Shipley	12½%	Norwich Gen. Trust	12½%
CL Bank Nederland	12½%	Peoples Trust	13½%
Canada Permanent	12½%	PK Finans. Intl. (UK)	13 %
Cayzer Ltd.	12½%	Provincial Trust Ltd.	13½%
Cedar Holdings	13 %	R. Raphael & Sons	12½%
■ Charterhouse Japhet	12½%	Roxburghe Guarantee	13 %
Citibank NA	12½%	Royal Bank of Scotland	12½%
Citibank Savings	¶12½%	Royal Trust Co. Canada	12½%
City Merchants Bank	13½%	Standard Chartered	12½%
Clydesdale Bank	12½%	TCB	12½%
C. E. Coates & Co. Ltd.	13 %	Trustee Savings Bank	12½%
Comm. Bk. N. East	12½%	United Bank of Kuwait	12½%
Consolidated Credits	12½%	United Mizrahi Bank	12½%
Continental Trust Ltd.	12½%	Westpac Banking Corp.	12½%
Co-operative Bank	•12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Yorkshire Bank	12½%
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp.	13½%		
First Nat. Sec. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptrs.	13½%		

■ Members of the Accepting Houses Committee.
• 7-day deposits 8.70%. 1-month 9.80%. Top Tier—£2,500+ at 3 months notice 12.06%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8% gross.
¶ Mortgage base rate.
§ Demand dep. 8¾%. Mortgage 13%.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Tyndall & Co
29-33 Princess Victoria St, Bristol 0272 732241

Demand Acc	12.10	9.06	13.36	Qr
Money Acc	12.04	9.00	13.29	Qr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc	12.00	8.97	13.36	Mth
Over £10,000	12.25	9.16	13.64	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 24147

High Int Chq Acc	12.56	9.39	13.90	Qr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ♦ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	24
BOC Grp	27	Midland Bk	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	50	Racal Elect	15
Boots	24	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	17	Sears	11
Brown (J.)	3½	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	78	Trust Houses	12
Comm Union	23	Turner Newall	9½
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	180	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	78	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brist. Oil & Min	3½
Hanson Tst	18	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	38	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

Diamond companies angered by criticisms in Namibian report

BY JIM JONES IN JOHANNESBURG

A REPORT published last week by a government-appointed commission of inquiry into the administration of Namibia (South West Africa) has prompted an angry response from mining companies criticised for a range of malpractices.

Consolidated Diamond Mines (CDM), the wholly-owned subsidiary of De Beers, accused of *excessively depleting* high grade diamond reserves in its Namibian concessions, rejected the Commission's findings and said that it could satisfy any "impartial inquiry by appropriately qualified investigators."

CDM, however, is only one of a group of South African, Swiss, British and American-owned companies who have come under the scrutiny of the commission of inquiry into alleged maladministration and corruption in the territory. The commission, headed by South African High Court Judge, Pieter Thirion, was first set up three years ago.

Alleged offences include tax avoidance, transfer pricing of mineral exports, and a reluctance to develop payable ore deposits.

Many economists have argued that a country the size of *Germany and France combined*, and with major diamond, uranium and metals mines as well as thriving fishing and farming sectors, should be capable of financing its own affairs. Yet in recent years outright grants and loans from South Africa have provided about half of Namibia's annual budget, excluding the cost of South Africa's military presence in the territory. Guerillas of the South West Africa Peoples Organisation have been waging a guerrilla war for independence since *the early 1960s*.

The Thirion Commission's early efforts to explain the anomaly met an obstacle two years ago when CDM, which mines some of the world's best gem diamonds from deposits along Namibia's southern coastline, refused to give evidence.

The company maintained that investigation of its business, and particularly the exports of gem diamonds, was outside the Commission's terms of reference.

Judge Thirion successfully argued, however, that the investigation fell within the scope of his brief, and the outcome has been an eight-volume report highly critical of CDM and other leading companies.

The Thirion Commission's final report contains a catalogue of abuses by local and international mining companies. SWA Portland Cement, which is indirectly controlled by Holderbank Financiere Glaris, the Swiss Holding Company, was found to have "land-locked" large reserves of limestone and Gypsum. Essentially, SWA Portland was granted mineral rights but did not exploit them to make cement in Namibia even though the company's own studies showed this to be financially attractive. The intent was to continue supplying Namibia with *cement* from Anglo-Alpha Cement, Holderbank's South African subsidiary.

Tsumeb Corporation, the Namibian subsidiary of Newmont Mining, failed to report to the Namibian authorities the gold content of the blister copper it exports for refining. As a result the Namibian authorities have been unable *to verify independently* how much Tsumeb earns from precious metals.

The amounts were not small. In 1983 alone, 103.18 tons of silver worth R42.1m (£14.7m) and 247.3 kilos of gold worth R3.8m were recovered from Tsumeb's blister copper and lead ingots. Otjihase, a copper mine managed by South African *mining house* Johannesburg Consolidated Investment (JCI), was another firm which failed to disclose its precious metals output, whilst several mines owned by Iscor, the South African state-owned iron and steel maker, reported substantially different tin and zinc production figures to the Namibian authorities to those disclosed in annual reports.

Rossing, RTZ's Namibian uranium mine which has long-term contracts with Britain's Central Electricity Generating Board, avoided paying tax until 1982. Tsumeb has paid no tax since 1979 even though reported sales revenues have been at record levels, and similar cases are cited of other companies controlled by firms outside Namibia.

Apart from tax avoidance, the same companies appear to have made wide use of transfer pricing devices to limit that part of their income which would be counted as generated and taxed in Namibia. De Beers, which has frequently complained bitterly about its inability to make representations to the Thirion commission, refused to allow the Commission's investigators to examine accounts which would have confirmed or refuted strong allegations of transfer pricing by the diamond company.

Judge Thirion makes no bones about his suspicions that CDM has regularly resorted to transfer pricing. But he reserves his strongest criticism for the way in which CDM has for the past 20 years exploited its coastal diamond concessions.

These formerly German-owned deposits were handed to De Beers shortly after the first world war. Their exploitation was to be governed by the Halbscheid Agreement which specified that they should be *worked in such a way as to* maximise long-term recovery of diamonds. CDM was specifically debarred from exploiting superficial and rich areas to the detriment of lower-grade deposits.

In 1963, the Thirion Commission found, CDM embarked on a deliberate strategy of over-mining. The change in emphasis occurred only a few years after Mr Harry Oppenheimer had assumed the chairmanship of De Beers following the death of his father, Sir Ernest Oppenheimer. CDM concentrated on preferential extraction of richer areas, particularly those which contained the larger and more valuable gems. The reason is still unclear, but it appears to be due to a combination of fears over De Beers' status in Namibia once the territory wins its independence from South Africa and demands from De Beers' marketing division for more diamonds than could be extracted if average grade material was worked. Whatever the reason, the Thirion Commission believes that CDM's mining practices have prejudiced the diamond deposits' longer term potential and that this was done deliberately, despite regular warnings to the De Beers Board by mine managers about the likely detrimental effect of persisting with the overmining.

Thirion dismisses as "futile and unhelpful" De Beers statements *purporting* to prove that the diamond company was acting responsibly. He was infuriated by De Beers' claim last week that it could satisfy an "impartial" inquiry that it had exploited the diamond resource correctly and that its mining methods were responsible. And he dismisses as irrelevant CDM's complaint that the Commission *relied on documents provided* by disaffected ex-employees.

Thirion has a range of suggestions for improving the administration of the territory's mining industry, particularly the Diamond Board, which is charged with ensuring that diamond resources are exploited reasonably and that gem exports are properly priced. Principally he believes the Diamond Board, which is supposed to regulate CDM, should not be staffed by CDM appointees.

While these suggestions may be important in themselves, the report has a potentially far-reaching significance which goes beyond reforms to the industry. Should Swapo eventually win power in the *territory*, the findings of the Thirion Commission could well provide the basis for punitive action against companies allegedly involved in malpractice.

The current Administration, however, is taking a cautious stance. Mr Andreas Shipanga, the territory's minister of mines who has had the report since September, says that he does not want "a witch hunt," which might dissuade mining companies from investing in Namibia.

Copper price recovery forecast

COPPER PRICES should rise about 12 cents in the spring and early summer to between 70 and 75 cents a pound on the New York Commodity Exchange, senior vice president of Phelps Dodge Corps, Mr Douglas Yearley, said yesterday, reports Reuter from Los Angeles.

He told the National Association of Recycling Industries' annual convention that he based this projection on anticipation of a stronger world economy in 1986 giving rise to a small increase in world copper consumption.

Price performance in the second half of the year will depend on the staying power of the economy and the outcome of labour negotiations in the copper industry, Mr Yearley said.

Wheat pact strengthened

BY JOHN BUCKLEY

NEGOTIATIONS FOR a new and stronger International Wheat Agreement to replace the one expiring on June 30 this year were successfully concluded in London on March 14 the International Wheat Council announced yesterday.

Drawing attention to the current unfavourable climate for commodity pacts IWC president Mr Jean Parotte paid tribute to the "spirit of co-operation" which emerged last week between the main exporters, the EEC, US, Canada, Australia and principal importers including the USSR. "It was tough and exhausting but we got there," he said.

The IWA, 1986, comprises two elements, the Wheat Trade Convention and the Food Aid Convention, both of which have been substantially tightened-up and broadened in scope.

The new Wheat Trade Convention is designed to reinforce co-operation between grain exporters and importers and for the first time has been widened to include other grains including maize and barley. It also sets out to promote trade in grains, to fight protectionism and discriminatory practices and to contribute towards stable markets. In addition it will aim to provide a forum for exchange of information and discussion of members' concerns over grain trade.

● Lazard Brothers has been appointed by the Department of Education and Science, the Ministry of Agriculture, and the Agricultural and Food Research Council to carry out a preliminary study of the commercial implications of the options for the proposed privatisation of the National Seed Development Organisation and part of the *Plant Breeding Institute*. It has been asked to report by early May.

Chicago market link approved

By Andrew Gowers in Chicago

MEMBERS OF the Chicago Board of Trade will have access to a broader range of futures and options contracts later this month following official approval of an affiliation agreement between it and the MidAmerica Commodity Exchange, its smaller neighbour.

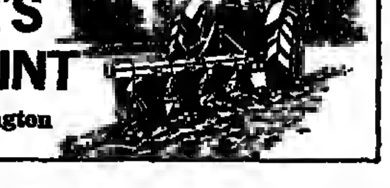
The Commodity Futures Trading Commission last Friday gave the go ahead for the agreement, which allows the CBOT to take over all MidAm's administrative functions. This will enable *MidAm to cut overheads.*

Affiliation with MidAm will give Board of Trade members access for the first time to futures contracts on foreign currencies and livestock. MidAm's trading volume last year totalled 2.5m contracts.

Spring comes to the rescue

FARMER'S VIEWPOINT

By John Cherrington



THERE IS an old saying that if March comes in like a lion it will go out like a lamb. Well the first two days of March were as cold and miserable as I have ever known. Everything was frozen up and the fields were as hard as concrete; there was little snow lying and the exposed crops of young wheat were showing no signs of growth at all. Then, on the afternoon of the third, I noticed that smoke from the chimney was being blown from the south-west after nearly a month of steady easterlies.

That night it rained heavily —we had more than an inch— and the frost began reluctantly to ease its grip over the next few days. This was exactly what was needed to *save the crops* over which I had been worrying quite seriously. Last year there had been a similar frost and a lot of the wheat had been killed by the effects of frost lift. This time there was no lift and for this the heavy rain must be thanked. It soaked into the dusty topsoil and the plants were able to resume growing, last year many of them had been broken off.

Even after the thaw had started many of the fields looked as though they had failed but over the last few days there has been a definite sign of growth. Each poor, brown, wasted plant had found the energy to push up a green leaf. In many respects the crop is looking better than it was last year at the same stage.

Many other farmers have had the same experience, and those who ordered barley with which to redrill the fields will like myself, have to cancel these precautionary moves. My only real failure due to the frost was a newly sown field of grass which was looking pretty weak last autumn.

The worst of the winter damage appears to be in the oilseed rape. It was planted rather late and was badly damaged by the autumn drought and the attacks of the famished pigeons. I grow no rape seed myself but my *neighbours* who do tell me that as long as there are 20 plants to the square metre it should be all right.

There is probably something in this. I believe that most crops are sown too thickly and when I have grown oilseed rape in the past I found that there was a good deal of compensatory growth once the soil warmed up and the plants themselves filled up the gaps. This applies to wheat.

I remember, back in 1934, being worried about my first wheat crop which showed signs of having lost plant during the winter. I asked an old neighbour to come and look at it. He walked across the field with me and threw his hat ahead of him every few yards. He pointed out that everywhere the hat fell there was a wheat plant which, he assured me, showed there was sufficient to provide a harvest. He was right too.

The reasoning behind this was that most of these autumn sown crops have a tillering characteristic which causes them to throw up many heads. If the number of plants surviving the winter are few they will tiller out to fill the empty spaces. The benefit of this tillering and compensatory growth can be exaggerated, but it is generally better to accept a slightly lower yield and not go to the expense of ripping up *the semi-failure* and re-drilling with lower yielding spring barley, which is about the only alternative.

A feature of the way in which the frost has gone out this year has been the difficulty I have had in getting the wheat top dressed with nitrogen and some of the fallows ready for sowing. This I believe to be because the frost went very deeply into the soil. When ploughing up the failed grass I noticed that after a week the plough was still fetching up frosted soil and the land was just refusing to dry at all, even when ploughed.

This showed up too when applying the top dressing and the operation has left deep ruts across the fields which will be there until harvest. I could have put this nitrogen on the frosted fields a bit earlier but when I have tried it in the past the results have never been satisfactory.

The other major anxiety has been the lambing, which, fortunately, has been *going* very well. Probably because of the dry weather during the frost the ewes have never been in better condition and the lambs are healthy, plentiful and surviving well. This appears to be general in my area of Hampshire. Ewes are well protected by their fleeces — the one thing that sets them back is to have wet skins and mud to lie in.

There is no grass yet of course, and the sheep are needing heavy feeding to keep the milk going. Dairy cows are also still inside but last year's *silage* was generally of good quality and the England and Wales Milk Marketing Board herd has now reached its EEC quota limit. In all probability this could be exceeded next milk year, which starts in April.

There are few signs that farmers are taking much notice of cautionary noises about production restraint emanating from Brussels and the Ministry of Agriculture. Wheat plantings were up last autumn and there seems to be quite a bit of confidence among dairy farmers, *although there have been signs of a drop in the demand for* dairy cows in the markets.

The most significant indication I have had that some farmers have been *reading* the EEC price proposals has been a fall in the price of young cattle for further fattening in some markets. But this could just be the *realisation that it is* still a long time before the grass begins to grow again.

On balance, however, I am optimistic that the end of March will be lamb-like and there will be a good early season. But it could be a dry one. You may have noticed that the new moon came "in on its back," traditionally a *sign of drought*.

LONDON MARKETS

THE SELLING which pushed coffee prices lower on the London futures market towards the end of last week continued yesterday as London traders followed the sharply weaker tone in the New York market. Dealers noted light but sustained selling in London as the May position slipped £86 to £2,476.50 a tonne—the lowest level for four weeks. They said the market still lacked direction and that the slide of the *last few days* had followed last week's failure to break through chart resistance points. Sterling's steadiness against the dollar, another factor *in coffee's fall*, prevented cocoa values from reflecting New York's rise, and the May position ended the day £6.50 down at £1,530 *a tonne*. The effect of firmer US futures was also felt in the London Metal Exchange copper market, where the cash quotation ended the day £10.50 higher at £1,001 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or –	High/low
Cash	798-9	+10	805/802
3 months	820.5-1	+10	825/817

Official closing (am): Cash 802.5-3 (790-1), three months 822.5-3 (813-4), settlement 803 (790). Final Kerb close: 822-3. Turnover: 31,375 tonnes.

COPPER

Higher grade	Unofficial close	+ or –	High/low
Cash	1000.5-1.5	+10.0	1002/1002
3 months	1018-8.5	+13.75	1019/1010

Official closing (am): Cash 999-1,000 (984.5-5.5), three months 1,014.5-5.5 (1,002.5-3), settlement 1,000 (985.5). Final Kerb close: 1,016.5-17.

CATHODES

Cathodes			
Cash	995.5	+16	—
3 months	1012.5	+12.5	—

Official closing (am): Cash 993-5 (978-80), three months 1,010-2 (998-1,002), settlement 995 (980). Turnover: 29,350 tonnes. US Producer prices 68-73 cents a pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or –	High/low
Cash	251-2	+5	253/251
3 months	259-60	+4.25	261/257

Official closing (am): Cash 252.5-3 (245.5-6), three months 258-8 (254-45), settlement 253 (246). Final Kerb close: 260-1. Turnover: 15,375 tonnes. US Spot: 18-20 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or –	High/low
Cash	2859-60	+5	2885/2885
3 months	2939-40	+5	2970/2935

Official closing (am): Cash 2,885-90 (2,860-70), three months 2,969-70 (2,940-50), settlement 2,890 (2,870). Final Kerb close: 2,950-60. Turnover: 1,566 tonnes.

TIN

Kuala Lumpur Tin Market—Close 17.00 Ringgit per kg, up —— Ringgit.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or –	High/low
Cash	424.5-5.5	+4	429.0/430
3 months	437-7.5	+5.75	438.5/435

Official closing (am): Cash 425-6 (419-20), three months 437-7.5 (431.5-2), settlement 426 (420). Final Kerb close 437-8. Turnover: 7,525 tonnes. US Prime Western: 30.5-35.75 cents a pound.

GOLD

Gold rose $6 an ounce from Friday's close in the London bullion market yesterday to finish at $352½-$353. The metal opened at $347½-$348¼ and traded between a high of $353¾-$354¾ and a low of $347½-$348. Trading was thin and gold benefited from a weaker dollar and a stronger tendency in platinum.

GOLD BULLION (fine ounce) Mar. 17

Close	$352½-353	(£240½-241)
Opening	$347½-348¼	(£657¼-667¾)
M'n'g fix	$348.20	(£238.624)
Aft'n'n fix	$349.90	(£238.189)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$351-361½	(£258½-240)
½ Krug.	$184¾-186	(£126-127)
¼ Krug.	$94-95	(£64¼-64¾)
1/10 Krug.	$38-39	(£26-26½)
Mapleleaf	$358½-369	(£244¾-245)
Angel	$356½-362½	(£245¼-244¾)
1/10 Angel	$36-40	(£24-27¼)
New Sov.	$85¼-86¾	(£58¼-58½)
½ New Sov.	$50¾-51¼	(£34¾-35)
Old Sov.	$89-90½	(£60¾-61¾)
$20 Eagle	$430-475	(£293½-303¾)
Noble Plat	$484¾-489½	(£290-293¼)

SILVER

Silver was fixed 1.2p an ounce lower for spot delivery in the London bullion market yesterday at 387.5p. US cent equivalents of the fixing levels were: spot 565.9c, down 4.7c; three-month 576.2c, down 4.35c; six-month 586.15c, down 4.9c; and 12-month 607.1c, down 4.85c. The metal opened at 386¼-387¼p (568-569c) and closed at 393½-395p (577-579c).

SILVER per troy	Bullion Fixing Price	+ or –	L.M.E. p.m. Unoffic'l	+ or –
Spot	387.50p	–1.20	391p	+7
3 months	398.60p	–1.00	403p	+5.5
6 months	409.65p	–1.40	—	
12 months	428.75p	–1.10	—	

LME—Turnover: 41 (39) lots of 10,000 ounces.

Three months high 404p, low 402p, final kerb 403-4p.

RUBBER

PHYSICALS — The London market eased on lack of consumer interest and keen selling, reports Lewis and Peat. Closing prices (buyers): Spot 59.00p (59.50p); April 58.00p (58.50p); May 58.50p (59.00p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 was 192.0 (193.0) and for SMR 20 191.0 (194.0).

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing March 10 totalled 402 tonnes against 979 tonnes in the previous week. Business centred on Pakistani, Israeli, West African and Chinese varieties.

INDICES

FINANCIAL TIMES

Mar. 13	Mar. 17	M'th ago	Year ago
—*	—*	—*	300.64

(Base: July 1 1952=100)

REUTERS

Mar. 14	Mar. 17	M'th ago	Year ago
1916.8	1907.1	1857.1	2082.3

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Mar. 13	Mar. 14	Month ago	Year ago
Spot	130.83	130.27	—	117.63
Fut.	134.67	134.40	—	126.18

(Base: December 31 1931=100)

* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 17 1986	+ or –	Month ago
METALS			
Aluminium			—
Free Market	$1290/1310	+15	$1195/215
Copper			
Cash h Grade	£1001	+10.5	£985.5
3 mths	£1018.25	+13.7	£1014.75
Gold Troy oz	$352.75	+5	$353.25
Lead Cash	£251.5	+5	£257.5
3 mths	£259.5	+4.25	£267.25
Nickel			
Free Mkt	191/211c		179/199c
Palladium oz	$111.65	+1.15	$161.00
Platinum oz	$412.05	–2.05	$374.75
Quicksilver†	$220/235		$220/230
Silver troy oz	387.60p	–1.50	412.95p
3 months	398.60p	–1.00	425.10p
Tin cash	‡		‡
3 months			
Tungsten	$58.78		$66.62
Wolfram 22.01lb	$52/60		$56/63
Zinc	£425	+4	£427.5
3 months	£437.25	+5.75	£457.5
producers	$650/670		$650/670
OILS			
Coconut (Phil)	$285z		$340
Palm Malayan	$260r		$510
SEEDS			
Copra Phil	$200z	+10	$205
Soyabean (U.S.)	$222.5x	+0.4	$222.5
GRAINS			
Barley Fut. May	£116.85	+0.20	£116.95
Maize	£142.00		£145.50
Wheat Fut. May	£116.00	–0.25	£119.25
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£1530	–6.5	£1646.5
Coffee Ft. May	£2476.5	–86	£2387
Cotton A Index	62.75c	–0.25	65.15c
Gas Oil Apr.	$137.5	+1.25	$150.75
Rubber (kilo)	59p	–0.5	63.25p
Sugar (raw)	$173z	+2	$143
Wooltops 64s	416p kilo		420p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. v May. y April-May. x March-April. z April.

MEAT

Beef prices were valued lower on the close because of weaker physicals and fresh selling interest. Pigmeat prices were little changed in light volume despite weaker physicals, reports Eastern Capital—CCST.

Month	PIGMEAT Y'day close	+ or –	BEEF Y'day close	+ or –
	p. per kilo (deadweight)			
April	103.50	–0.50	190.00	–4.00
May	102.50	—	189.00	–2.00
June	102.50	–0.30	189.00	–2.00
July	102.50	+0.90	188.00	–1.50
Aug	101.60	+0.40	182.50	–1.50
Sep	106.20	+0.40	182.50	–1.60

Pigmeat sales: 7 (11) lots of 50 carcases, 3,250 kg.

Beef sales: Nil (3) lots of 20 sides.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.58p per kg lw (–0.99). GB—Sheep 224.41p per kg est dcw (+0.12). GB—Pigs 77.57p per kg lw (–2.36).

COCOA

In light trading futures remained in a £16 range and closed on a quiet note. With producers withdrawn and consumers reluctant to re-enter the market at current levels only limited second-hand interest was noted, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or –	Business Done
March	1530-1533	–6.5	1558-1535
May	1526-1531	–6.5	1558-1525
July	1559-1560	–2.0	1565-1555
Sept	1586-1588	–1.0	1592-1583
Dec	1606-1621	–1.0	1622-1611
March	1646-1653	+0.5	1650-1643
May	1670-1678	–8.0	1670-1668

Sales: 1,903 (2,842) lots of 10 tonnes.

ICCO indicator prices (US cents per pound) for March 17: Daily price 98.23 (98.38); five-day average for March 18: 97.85 (96.87).

COFFEE

The storm began as stale longs decided to liquidate in a market that held no fresh news or fresh buying. Traders held back from selling until the afternoon. No physical offtake was evident to bolster the market, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or –	Business Done
March	2420-66	–80.0	2483-2440
May	2476-77	–86.0	2559-2475
July	2540-46	–78.0	2616-2528
Sept	2605-10	–75.0	2667-2595
Nov	2625-75	–51.5	2710-2680
Jan	2705-10	–52.5	2738-2720
Mar	2710-45	–37.5	2750

Sales: 4,046 (2,321) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for March 14: Comp. daily 1979 206.89 (206.00); 15-day average 209.29 (207.88).

SOYABEAN MEAL

During a very quiet day prices opened 50p higher then rose further on professional buying and a firmer Chicago market, reports Muirpace.

	Yesterday close £ per tonne	+ or –	Business Done
Apr	139.5-140.5	+0.75	140.5
June	153.8-154.5	+1.00	154.6
August	138.7-139.9	+0.90	139.9-139.8
October	131.8-132.2	+0.75	132.0
Dec	133.8-134.5	+0.95	—
Feb	134.0-136.6	+1.00	—
Apr	134.8-137.0	+1.00	—

Sales: 67 (512) lots of 20 tonnes.

GRAINS

Old crop wheat found long liquidation selling pressure. Barley attracted keen shipper buying interest. New crops eased on country hedge selling against *modest commission house buying*, reports T. G. Roddick.

Mnth	WHEAT Yesterd'ys close	+ or –	BARLEY Yesterdys close	+ or –
Mar	116.40	–0.25	114.65	+0.55
May	118.00	–0.25	116.85	+0.25
July	116.10	–0.15	—	—
Sept	99.35	–0.10	97.90	–0.15
Nov	102.35	–0.10	101.35	–0.15
Jan	105.75	–0.10	104.85	–0.15

Business done—Wheat: March 115.40-6.30, May 118.10-8.00, July 116.10-6.05, Sept 99.35 only, Nov 102.40-2.25, Jan 105.75 only. Sales: 159 lots of 100 tonnes. Barley: March 114.50-4.00, May 118.85-6.90, Sept 98.00-7.90, Nov untraded, Jan 104.95 only. Sales: 32 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 1, 15 per cent: May 123.00 transhipment East Coast. US No. 2 Soft Red Winter: June 95.75, July 95.50. EC first-half March 142. English Feed, fob: March 118.00-116.75, April 118.50-116.75, April/June 120.50-121.50, Oct 107.25-102.00 buyers/sellers, Oct/Dec 107.00, Jan/March 112.50 sellers. Maize: US No. 3 Yellow/French transhipment East Coast March 142 sellers. Barley: English Feed, fob: March 117.50 seller, April 118.50 buyer, April/June 120.00-121.00 buyers/sellers, July/Aug 98.25, Aug 98.25, Sept 100.50 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 112.40, E. Midlands 113.50, Scotland 111.50. The UK monetary coefficient for the week beginning Monday, March 24 (based on HGCA calculations, using four days' exchange rates) is expected to change to 1.102.

SUGAR

LONDON DAILY PRICE—Raw sugar $173.00 (£118.50), up $2.00 (up £2.00) a tonne for March-May delivery. White sugar $193.00, up $2.00.

With new buying tenders from Iraq and Egypt prices began to consolidate the pre-weekend gains, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne F.O.B.		
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]

Sales: 1,521 (1,168) lots of 50 tonnes. Tate and Lyle delivery price for granulated basis sugar was £223.60 (£221.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for March 14: Daily price 6.92 (6.78); 15-day average 6.28 (6.16).

No. 4 ctl contract—May 181.2-1.4; Aug 187.8-8.0; Oct 191.0-1.8. Sales: 815 (848) lots of 50 tonnes.

PARIS—(FFr per tonne): May 1375/1378, Aug 1413/1416, Oct 1445/1450, Dec 1470/1482, Mar 1535/1545, May 1575/1595.

POTATOES

The market opened 90p-£1.40 down, dropped a further 60p before recovering in nervous, thin trade. Keen buying on the May position buoyed values through the morning, with problems over keeping quality and tiderability and current good physical quotes for premium grades being offered as explanation for the strength. Confidence lapsed in the afternoon amid rumours of a possible reduction in PMB figures for consumption in the pipeline, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	—
Apr	[illegible]	[illegible]	[illegible]

Sales: 593 (1,634) lots of 40 tonnes. Earlier—May 94.50, –1.0; Aug 75.00, unchanged; Sept 70.00, unchanged. Sales: Nil lots of 10 tonnes.

FREIGHT FUTURES

The dry cargo market opened weaker against a quiet physical market with concern over lower bunkers mentioned as a contributing factor to the lower levels. Long liquidation met buying interest, but a slightly steadier tone emerged on the close. Tanker futures remained unchanged against a dull physical background, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
April	820/828	825/813	835/835
July	731/735	740/732	748/745
Oct	846/850	851/845	864/855
Jan	850/857	860/855	866/860
April	935/880		[illegible]
July	815/825		[illegible]
Oct	835/885		[illegible]
Jan	850/850		[illegible]
BFI	744.0		743.6

Turnover: 175.

	Close	High/Low	Prev.
Tankers			
Mar	850/865	860	850/858
Apr	780/800	790	790/810
May	770/790	790	780/800
June	766/810		[illegible]
Dec	850/900		[illegible]
Mar	900/1000		950/988
BTI	895.0		909.8

Turnover: 65.

OIL

Nymex recovered after a weak start to trade 15c up by 1 pm EST. Brent prices drifted higher but trade was thin as the market waited for news from Opec. Gas/oil was little discussed with sellers reluctant prior to Opec news. Banker "C" prices were stable in typically thin Monday trade, Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or –
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	—	
Arab Heavy	—	
Dubai	—	
Brent Blend	11.15-11.35	
W.T.I. (1pm est)	14.15-14.25	+0.40
Forcados (Nigeria)	14.30-14.40	
Urals (cif NWE)	—	
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	166-166	–2
Gas Oil	170-173	–2
Heavy fuel oil	—	
Naphtha	118-120	–2

Turnover: 0 (0) lots of 1,000 barrels.

GAS OIL FUTURES

Month	Yesterday's close	+ or –	Business Done
	US $ per tonne		
April	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]

Turnover: 1,578 (3,312) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index ($ a barrel) (Close, change, business done): Index 13.51, –1.17; April 12.80-14.00; May 12.00-12.30; June 12.30-12.80; July [illegible]. Turnover: Nil (nil) lots of 1,000 barrels.

US MARKETS

PRECIOUS METALS made gains on rumours of violence at South African mines and a sharp rally in oil prices encouraged the extension of long positions, reports Heinold Commodities. Technical resistance nevertheless pared gains. Copper saw the highest levels for 10 months in the second position.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
March	58.20	58.50	57.90	57.60
April	58.50	—	—	58.20
May	58.70	58.90	58.40	58.00
July	59.00	59.05	58.70	58.35
Sept	59.30	—	—	58.70
Dec	59.90	60.00	60.00	59.35
Jan	60.10	—	—	59.55
March	60.50	—	—	60.00
May	60.90	—	—	60.45
July	61.30	—	—	60.90

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	2038	2061	2036	2041
July	2073	2096	2071	2080
Sept	2105	2127	2105	2108
March	2164	2168	2167	2169
Dec	2137	2160	2137	2145
May	2174	—	—	2178
July	2220	—	—	2175

COFFEE "C" 37,500 lbs, cents/lb

	Close	High	Low	Prev
March	237.85	246.50	237.75	247.70
May	238.94	246.50	238.45	248.74
July	249.18	251.00	249.18	253.16
Sept	253.25	255.00	253.25	257.25
Dec	256.73	258.25	256.73	260.73
March	257.00	258.00	257.00	261.00
May	258.00	—	—	262.50
July	258.25	—	—	262.25

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
March	67.45	67.40	66.70	66.36
April	67.65	—	—	66.60
May	68.10	68.25	67.20	67.05
July	68.45	68.50	67.65	67.60
Sept	68.70	68.80	68.00	67.75
Dec	69.10	69.15	68.35	68.16
Jan	69.20	—	—	68.30
March	69.45	69.15	68.85	68.55
May	69.75	69.40	69.20	68.75
July	70.15	69.50	69.35	69.30

COTTON 50,000 lbs, cents/lb

	Close	High	Low	Prev
May	63.13	63.30	63.05	63.01
July	63.78	63.97	63.70	61.60
Oct	43.80	44.00	43.68	43.80
Dec	43.82	44.20	43.75	43.82
March	44.43	—	—	44.30
May	45.25	—	—	45.17
July	45.60	—	—	45.75

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
April	13.35	13.35	12.30	12.72
May	12.75	13.86	12.46	12.96
June	14.05	14.05	12.65	13.21
July	14.00	14.00	13.00	12.41
Aug	14.11	14.11	13.20	13.61
Sept	14.50	14.40	13.60	13.81
Oct	14.22	14.25	14.00	13.89
Nov	14.40	14.40	14.40	14.17
Dec	15.05	15.06	14.20	14.35
Jan	14.90	15.07	14.60	14.47

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
March	349.8	350.6	350.6	347.8
April	350.8	354.8	349.0	348.9
May	352.8	—	—	350.4
June	354.6	358.7	353.3	352.7
Aug	358.4	362.5	356.2	356.4
Oct	362.0	365.5	361.0	360.0
Dec	365.9	369.5	363.5	363.8
Feb	368.9	373.0	368.0	367.8
April	373.5	—	—	371.5
June	377.5	381.0	381.0	375.4
August	381.6	—	—	379.5
Oct	385.9	387.5	387.5	383.6
Dec	390.4	—	—	388.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
April	49.30	49.20	44.75	46.20
May	43.65	43.65	39.50	40.65
June	42.06	42.06	38.16	39.06
July	41.86	41.86	38.25	38.86
Aug	41.90	41.60	38.50	39.00
Sept	42.50	—	—	39.80
Oct	42.50	42.60	42.60	40.80
Nov	42.00	—	—	41.60
Dec	45.00	45.00	42.55	42.35
Jan	44.00	44.00	44.00	43.15

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
March	87.68	88.40	87.75	87.90
May	87.10	88.35	86.90	88.06
July	87.25	88.50	87.00	88.15
Nov	88.05	86.50	88.00	87.05
Jan	86.55	87.60	86.60	87.06
March	87.00	88.10	86.90	87.95
May	87.40	87.50	87.50	88.40
July	87.80	87.50	87.70	88.60

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
April	420.1	427.5	413.0	411.8
July	423.6	431.0	413.5	414.6
Oct	425.6	432.0	416.0	416.6
Jan	428.1	431.0	425.5	416.1
April	430.6	429.5	427.0	421.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	577.2	582.0	570.5	567.5
April	578.6	—	—	569.3
May	582.5	587.5	573.5	573.0
July	588.8	594.0	581.0	580.2
Sept	597.2	601.0	589.5	587.5
Dec	608.0	612.0	598.0	598.2
Jan	611.9	—	—	602.1
March	619.2	620.5	616.0	608.3
May	626.9	628.0	626.5	616.9
July	634.7	—	—	624.6

SUGAR WORLD "11" 112,000lb, cents/lb

	Close	High	Low	Prev
May	7.25	7.27	7.20	7.31
July	7.50	7.53	7.47	7.53
Sept	7.63	7.64	7.60	7.64
Oct	7.71	7.72	7.67	7.71
Jan	7.85	7.89	7.85	7.85
March	8.16	8.16	8.16	8.14
May	8.35	8.37	8.33	8.32
July	8.55	8.56	8.53	8.49

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
April	57.80	59.25	57.42	58.75
June	59.20	59.87	58.70	59.67
Aug	57.30	57.67	57.16	57.62
Oct	56.42	56.75	56.30	56.72
Dec	58.05	58.35	57.82	58.15
Feb	58.40	—	—	58.40
April	58.50	—	—	58.95

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
April	41.60	41.70	40.70	41.10
June	45.62	45.80	44.75	45.20
July	45.97	46.20	45.25	45.57
Aug	44.42	44.70	43.75	43.87
Oct	40.95	41.00	40.65	40.70
Dec	42.30	42.50	42.10	42.02
Feb	42.55	42.55	41.85	42.12
April	39.80	39.70	39.15	39.22
June	41.55	41.55	—	41.25

MAIZE 5,000 bu min, cents/56 lb bushel

	Close	High	Low	Prev
March	237.4	238.6	235.4	236.2
May	234.2	235.2	232.2	234.0
July	233.0	234.4	231.2	232.0
Sept	216.6	217.2	216.2	218.0
Dec	211.6	212.2	211.0	211.4
March	220.6	221.6	220.4	221.0
May	224.6	225.2	224.4	224.6

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
March	59.30	59.30	56.60	57.57
May	60.85	60.50	58.05	58.90
July	61.65	61.70	59.05	59.82
Aug	59.67	60.60	58.25	59.65
Feb	61.55	62.02	61.20	61.30
March	61.35	61.35	61.50	60.00

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	537.6	539.0	537.0	537.4
May	538.2	540.4	537.4	537.4
July	541.0	543.0	540.2	540.2
August	539.0	541.2	539.0	538.0
Sept	528.6	530.2	526.6	525.0
Nov	526.0	537.6	522.2	521.4
Jan	533.6	536.6	531.6	531.4
March	545.6	546.0	541.4	541.0
May	553.0	553.6	550.0	549.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	163.2	163.6	162.0	161.5
May	163.2	163.9	162.1	161.7
July	163.1	163.3	161.8	161.2
Aug	162.5	162.7	161.5	161.0
Sept	159.6	159.1	158.6	156.7
Oct	155.8	156.0	154.0	154.2
Dec	156.8	156.7	155.0	155.0
Jan	157.5	157.5	157.0	155.5
March	157.5	—	—	156.5

SOYABEAN OIL 60,000lb, cents/lb

	Close	High	Low	Prev
March	17.01	17.20	16.93	17.10
May	17.26	17.50	17.15	17.41
July	17.66	17.80	17.52	17.72
August	17.85	17.90	17.70	17.90
Sept	17.92	18.00	17.85	18.00
Oct	18.06	18.10	17.90	18.10
Dec	18.42	18.50	18.30	18.60
Jan	18.60	18.70	18.50	18.62
March	18.95	19.10	18.95	19.00
May	19.30	19.40	19.30	19.40

WHEAT 5,000 bu min, cents/60 lb bushel

	Close	High	Low	Prev
March	349.0	353.0	348.2	350.2
May	297.2	302.4	297.4	301.0
July	256.4	261.0	256.0	258.4
Sept	258.0	262.4	258.6	259.4
Dec	267.2	272.4	267.6	269.4
March	271.6	275.4	271.6	273.4

SPOT PRICES—Chicago loose lard 12.00 (same) cents per pound. Handy and Harman silver bullion 577.0 (567.5) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar very weak

The dollar touched a record low against the Japanese yen yesterday in very nervous trading. Underlying factors played a large part in attracting dollar sales with the prospect of lower interest rates and poor economic data as well as lower oil prices together painting a very depressing picture.

The only real outcome to the latest meeting of Opec ministers was uncertainty, with dealers agreed that a failure to curb Opec output would lead to a further fall in oil prices. This would hardly suit countries such as Mexico with heavy debts and a similar reliance on oil exports for income. The dollar touched an all time trading low of Y174.80 in Tokyo but managed to keep above Y175.00 in London. It closed at Y175.65 down from Y176.95 on Friday.

Elsewhere it slipped to DM 2.2475 from DM 2.2620 and SFr 1.8840 compared with SFr 1.9020. It was also weaker in terms of the French franc at FFr 6.9065 compared with FFr 6.96. On Bank of England figures, the dollar's exchange rate index fell from 117.3 to 116.7.

STERLING — Trading range against the dollar in 1985-86 is 1.4960 to 1.0525. February average 1.4297. Exchange rate index 74.0 after a low of 73.6 and an opening of 74.1. Friday's close was 74.3 compared with 81.1 six months ago.

Sterling slipped on oil price uncertainty. It only just held its closing Friday rate against the dollar and with the latter easing against European currencies so sterling followed. It slipped to DM 3.2925 from DM 3.3125 and Y257.25 compared with Y259.0. Elsewhere it finished lower at SFr 2.7600 from SFr 2.7850 and FFr 10.1175 from FFr 10.1875. Against the dollar it closed at $1.4650, a rise of just 10 points from Friday.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.1990. February average 2.3310. Exchange rate index 134.3 against 125.5 six months ago.

The dollar closed at Y2.2460 against the D-mark in Frankfurt yesterday in active trading. The US unit was depressed by fears of lower US interest rates and the damaging effect of lower oil prices on the US banking system. Earlier in the day it had been fixed at DM 2.2468, down from DM 2.2598, without intervention by the Bundesbank.

JAPANESE YEN — Trading range against the dollar in 1985-1986 is 263.15 to 175.50. February average 184.545. Exchange rate index 195.7 against 156.7 six months ago.

The yen rose to its best level ever against the dollar in Tokyo yesterday. The US unit fell to a trading low of Y174.80, breaking the previous record set in October 1978 of Y175.50. It closed at Y175.45, itself a record closing low and down from Y176.80 in New York and Y177.70 in Tokyo on Friday. Japanese finance minister Noboru Takeshita claimed that the pace of the yen's rise was undesirable but this did not affect the yen since he added that intervention by the Bank of Japan alone would be of only limited value without help from other central banks. This may be less than readily forthcoming since the dollar is comparatively stable elsewhere.

Governor of the Bank of Japan, Satoshi Sumita, issued an after hours statement claiming that he was not considering a cut in the Japanese discount rate to curb the yen's rise. This is likely to put further downward pressure on the dollar.

£ IN NEW YORK

Close	Mar. 17	Prev. close
£ Spot	$1.4620-1.4650	$1.4660-1.4620
1 month	0.50-0.56pm	0.67-0.56pm
3 months	1.53-1.48pm	1.51-1.49pm
12 months	4.52-4.42pm	4.48-4.38pm

Forward premiums and discounts apply to the US dollar.

POUND SPOT—FORWARD AGAINST POUND

March 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4540-1.4705	1.4645-1.4656	6.60-0.57c pm	4.79	1.51-1.47 pm	4.07
Canada	2.0209-2.0371	2.0343-2.0371	0.12-0.01c pm	0.38	6.63-0.49 pm	1.16
Nethlnd.	3.69-3.75	3.74-3.75	2½-1½c pm	6.61	6⅞-5⅞ pm	5.84
Belgium	66.88-67.79	67.35-67.45	5c pm-15 dis	-6.89	20-6 pm	0.74
Denmark	12.10-12.18	12.17½-12.18½	5⅛-3⅛ore pm	4.43	15-11½ pm	2.98
Ireland	1.0840-1.0855	1.0880-1.0890	6.30-0.34c dm	-4.13	0.75-1.05dis	-3.31
W. Ger.	3.28½-3.31½	2.28½-3.29½	2½-2pf pm	7.87	6-6½ pm	7.06
Portugal	213½-217½	214½-216	170-470c dm	-17.92	430-1240d	-16.50
Spain	206.53-208.16	207.16-207.44	par-45c dis	-1.30	70-195 dis	-3.56
Italy	2223-2262½	2236-2238	9-18lire dis	-5.71	27-34 dis	-6.45
Norway	16.33½-16.40½	16.38½-16.39½	⅞-1½ore dm	-1.08	3½-4½ dis	-1.64
France	10.04½-10.18½	10.11½-10.12½	2½-4½c dm	-4.45	4½-8½ dis	-2.52
Sweden	10.48-10.56½	10.52½-10.53½	1½-½ore pm	6.78	2½-1½ pm	0.64
Japan	256-258½	256½-257½	1⅞-1½y pm	6.71	4½-3½ pm	5.03
Austria	22.82-23.13	23.03-23.07	16½-13½gro pm	6.96	34½-30½ om	6.62
Switz.	2.74-2.77½	2.75½-2.76½	2½-1½c pm	8.42	6½-6 pm	7.61

Belgian rate is for convertible francs. Financial franc 68.30-68.40. Six-month forward dollar 2.65-2.60, 12-month 4.50-4.40.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4540-1.4705	1.4645-1.4655	6.60-0.57c pm	4.79	1.61-1.47 pm	4.07
Ireland†	1.3430-1.3460	1.3440-1.3450	1.30-0.96c pm	10.03	2.25-2.40 om	6.40
Canada	1.3840-1.3900	1.3890-1.3900	6.50-0.54c dis	-4.50	1.09-1.14dis	-3.21
Nethlnd.	2.5200-2.5565	2.5565-2.5585	6.43-0.41c pm	1.98	1.23-1.20 pm	1.51
Belgium	45.85-46.25	45.85-46.05	12-17c dm	-3.78	25-31 dm	-2.44
Denmark	8.28-8.34½	8.31½-8.31½	½om pm-½ dis	-6.27	½ pm-½ dis	-0.09
W. Ger.	2.2385-2.2580	2.2470-2.2480	6.60-0.56pm pm	2.07	1.71-1.66 pm	2.00
Portugal	147½-148½	147½-148½	200-400c dis	-24.24	500-1000d	-20.20
Spain	141.25-142.07	141.50-141.60	80-110c dis	-6.05	215-285dis	-6.78
Italy	1623½-1636½	1626½-1527½	14-15lire dis	-11.39	35-36 dm	-5.29
Norway	7.06½-7.11½	7.09-7.09½	3½-3½ore dis	-5.82	9½-10½ dis	-5.64
France	6.88-6.94½	6.90½-6.91	4-4½c dis	-7.39	9-10 dis	-6.50
Sweden	7.17½-7.21	7.18½-7.18½	2½-2½ore dis	-3.86	6-6½ dis	-3.47
Japan	175.00-176.80	175.60-175.70	6.26-0.23y pm	1.67	6.86-0.82 pm	1.91
Austria	15.70½-16.83½	15.75½-15.76½	4-2gro pm	2.28	7-6 pm	1.52
Switz.	1.8735-1.8965	1.8836-1.8845	0.62-0.57c pm	3.79	1.65-1.60 pm	2.45

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 46.60-46.70.

EXCHANGE CROSS RATES

Mar.17	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.465	3.295	257.2	10.12	2.760	3.740	2237.	2.036	67.40
$	0.683	1.	2.248	175.7	6.908	1.884	2.556	1527.	1.390	46.00
DM	0.304	0.445	1.	78.13	3.075	0.838	1.137	679.4	0.618	20.47
YEN	3.887	5.695	12.80	1000.	39.35	10.73	14.55	8696.	7.913	262.0
F Fr.	0.988	1.448	3.264	254.3	10.	2.728	3.702	2211.	2.012	66.60
S Fr.	0.368	0.531	1.193	93.01	3.666	1.	1.357	810.5	0.738	24.42
H Fl.	0.267	0.391	0.876	68.60	2.702	0.737	1.	597.3	0.544	18.00
Lira	0.447	0.656	1.472	115.0	4.523	1.234	1.674	1000.	0.910	30.16
C $	0.491	0.720	1.617	126.4	4.970	1.356	1.840	1099.	1.	33.11
B Fr.	1.484	2.174	4.885	381.7	15.01	4.095	5.556	3318.	3.020	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Mar. 17	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	18⅞-13	12¼-12½	11⅞-12⅛	11⅝-11¾	11⅛-11¼	10⅞-11
U.S. Dollar	7½-7⅞	7⅛-7⅞	7⅜-7½	7⅛-7⅛	7⅛-7½	7⅛-7½
Can Dollar	12¼-13¾	12⅜-13⅝	11⅝-11⅞	10⅝-10⅞	9⅝-9⅞	9½-9¾
D Guilder	5½-5⅝	5⅛-5⅝	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜
Sw. Franc	2⅜-8⅝	3¼-8½	4-4⅛	0⅛-5⅛	3⅛-5⅛	3⅛-5⅛
Deutschmrk	4⅜-4⅝	4⅛-4⅜	4⅝-4¾	4⅛-4⅜	4⅜-4½	4⅜-4½
Fr. Franc	2½-8¾	10-10½	11⅞-12⅛	11¼-11½	10¾-11	9½-10
Italian Lira	16-17	15-18	16¼-17¼	16¾-16½	16⅝-15⅞	14⅜-14⅞
B.Fr./Fin.	10⅛-10⅜	9⅞-10⅛	9⅝-10	9⅝-9⅞	8⅞-9⅛	8½-8⅝
B.Fr./Con.	10⅛-11½	11½-13½	11-12	10-10⅛	8-8⅛	8⅛-8⅜
Yen	5⅜-5½	5½-5⅝	5⅛-6⅛	5⅛-0⅝	5¼-5⅝	5⅛-0⅝
D. Krone	8½-9	8½-9	8½-8	8⅛-8⅜	8¼-8¾	8¼-8¾
Asian $ (Sing)	7⅛-7½	7½-7⅝	7⅛-7⅛	7⅜-7½	7⅛-7⅛	7⅜-7⅛

Long-term Eurodollars: two years 7⅝-7⅞ per cent; three years 7⅞-8 per cent; four years 8-8⅛ per cent; five years 8⅛-8⅜ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

CURRENCY MOVEMENTS

Mar. 17	Bank of England Index	Morgan Guaranty Change %
Sterling	74.0	-17.0
U.S. dollar	116.7	+7.0
Canadian dollar	78.7	-18.1
Austrian schilling	120.0	+7.5
Belgian franc	94.4	-8.1
Danish Kroner	85.5	-1.4
Deutsche mark	134.5	+18.6
Swiss franc	155.0	+14.7
Guilder	125.7	+9.7
French franc	71.7	-16.1
Lire	46.6	-17.7
Yen	195.7	+44.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

March 17	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.701676	0.607596
US $	7	1.15468	0.860455
Canadian $	10.68	*	1.33282
Austria Sch	4	18.2054	16.1388
Belgian Fr.	8¼	53.0906	44.1809
Danish Kr.	7	9.67724	7.97898
D'mark	3½	2.58411	2.16814
Guilder	4½	2.82688	2.43691
French Fr.	9½	7.07007	6.63146
Lira	10½	1763.48	1468.06
Yen	4	202.860	168.704
Norway Kr.	8	8.19581	6.91011
Span'h Pta.	—	163.663	136.048
Swedish Kr	8½	8.32821	6.61143
Swiss Fr.	4	2.17373	1.80882
Greek Drch	20½	N/A	135.328
Irish Punt	—	N/A	0.714095

* C$/SDR rate for March 13: 1.59723

OTHER CURRENCIES

Mar. 17	£	$
Arg'tina	1.1748-1.1771	0.8000-0.8010
Aus'lia	2.0785-2.0765	1.4166-1.4115
Brazil	20.2251-20.3448	13.77-13.84
Finland	7.4720-7.4920	5.0930-5.9050
Greece	203.36-207.34	139.44-140.05
H'kong	11.4433-11.4658	7.8110-7.8136
Iran	117.20*	80.10*
Kuwait	0.4185-0.4165	0.28670-0.28580
Lux'burg	67.35-67.45	45.90-46.05
Malaysia	3.6820-3.7620	2.6200-2.6220
N' Z'land	2.7520-2.7620	1.8765-1.8810
Saudi Ar.	5.3545-5.3600	3.6525-3.6536
Sin'pore	3.1625-3.1725	2.1585-2.1605
S.Af.(Cm)	2.8570-2.9490	1.9966-2.0060
S.Af. (Fn)	4.2000-4.3231	2.8570-2.9410
U.A.E.	5.3830-5.3880	3.6720-3.6750

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.1809	-1.45	+1.13	±1.5425
Danish Krone	8.12857	7.97898	-1.84	+0.74	±1.6421
German D-mark	2.23840	2.15814	-3.59	-1.01	±1.1455
French Franc	6.86402	6.63148	-3.39	-0.81	±1.3654
Dutch Guilder	2.52208	2.43591	-3.42	-6.84	±1.5193
Irish Punt	0.724578	0.714033	-1.45	+1.13	±1.6673
Italian Lira	1520.60	1468.08	-3.46	-1.93	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	March 17	Previous
8.30 am	74.1	74.2
9.00 am	73.9	74.4
10.00 am	73.7	74.3
11.00 am	73.6	74.3
Noon	73.6	74.3
1.00 pm	73.7	74.3
2.00 pm	73.7	74.3
3.00 pm	74.1	74.3
4.00 pm	74.0	74.3

FINANCIAL FUTURES

US bonds lower

US Treasury bond prices were lower yesterday in the London International Financial Futures Exchange. Fears of lower oil prices appeared to be the key factor affecting sentiment with the market still awaiting the possibility of some accord between Opec members on output limits. The June price opened at 97-00 down from 97-09 on Friday and attracted some buying interest initially up to a high of 97-26.

Early bullish sentiment was based on hopes of lower US interest rates and as a result of a squeeze on short positions. However, sentiment altered during the afternoon mainly on Opec's failure to reach some agreement on output and prices. The June bond closed at 96-14.

Euro-dollar prices were slightly firmer overall and a stronger opening from a start price of 92.77 in the June contract was based not so much on short covering but a genuine opening of longer positions. A high of 92.84 was touched but this was not sustained in view of the uncertainty caused by Opec. The June price touched a low of 92.77 but closed at 92.79 up from 92.78 on Friday.

Sterling based instruments found little comfort from a market unsettled by the proximity of today's UK budget and continuing uncertainty over oil prices. Three-month sterling for June delivery opened at 89.40 up from 89.37 on Friday but soon met selling to finish at 89.30. Long gilt contracts acted in much the same way with the June price opening at 119-26 and finishing at 118-18 down from 120-00.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	4.63	8.48	—	—	1.27	3.56	—	—
116	3.46	6.38	—	—	2.10	2.46	—	—
120	3.44	4.37	—	—	3.08	4.45	—	—
122	1.55	3.44	—	—	4.19	5.52	—	—
124	1.16	2.90	—	—	6.44	7.04	—	—

Estimated volume total, Calls 1,529, Puts 296
Previous day's open int. Calls 2,347, Puts 107

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	5.13	6.04	—	—	0.49	2.18	—	—
94	3.50	4.56	—	—	1.22	3.00	—	—
96	2.40	2.54	—	—	2.12	4.04	—	—
98	1.46	2.63	—	—	2.16	6.13	—	—
100	1.04	2.16	—	—	4.40	—	—	—

Estimated volume total, Calls 120, Puts 0
Previous day's open int. Calls 112, Puts 21

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	25.66	—	—	—	6.02	—
1.25	21.66	—	21.66	21.86	0.00	—	0.11	0.56
1.30	16.66	16.66	16.66	16.66	0.01	0.17	0.38	1.23
1.35	11.66	11.66	11.66	11.58	0.10	0.61	1.04	2.27
1.40	6.81	7.30	7.60	8.86	0.69	1.65	2.32	4.11
1.45	3.29	4.23	4.61	6.54	2.07	2.58	4.43	6.51
1.50	1.21	2.16	2.58	3.31	4.99	6.51	7.40	9.66

Estimated volume total, calls 140, Puts 132
Previous day's open int. Calls 4,174, Puts 4,652

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

Strike price	Calls—Last Mar	April	May	June	Puts—Last Mar	April	May	June
1.20	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.30	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.35	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.40	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.45	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Previous day's open int. Calls n/a, Puts n/a
Volume, n/a

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike price	Calls—Last April	May	June	Sept	Puts—Last April	May	June	Sept
1.20	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	—	—
1.30	—	—	—	—	—	—	—	—
1.35	—	—	—	—	—	—	1.00	—
1.40	6.20	7.40	—	—	6.50	—	—	—
1.45	2.15	—	—	—	2.15	—	4.60	—
1.50	1.16	—	—	—	—	—	—	—

Previous day's open int. Calls 55,216, Puts 66,635
Previous day's volume, Calls 4,846, Puts 1,647

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

Strike price	Calls—Last Mar	June	Sept	Dec	Puts—Last Mar	June	Sept	Dec
90.00	2.50	2.79	—	—	0.00	0.00	—	—
90.50	2.00	2.29	2.23	—	6.00	0.00	0.00	—
91.00	1.50	1.79	1.74	—	0.00	0.00	0.01	—
91.50	1.00	1.29	1.26	—	6.00	6.00	0.03	—
92.00	0.50	0.93	0.82	—	0.00	6.03	6.09	—
92.50	0.00	0.40	0.45	—	0.00	0.17	0.22	—
93.00	0.00	0.13	0.20	—	6.50	0.34	6.47	—

Previous day's open int. Calls 3,560, Puts 4,005
Volume, 70

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	96-30	98-01	96-21	97-12
June	96-13	97-18	96-03	96-27
Sept	95-21	96-25	95-12	96-05
Dec	94-30	96-04	94-21	95-16
March	94-11	94-20	94-10	94-29
June	93-31	94-10	93-20	94-12
Dec	92-25	94-01	92-25	93-13
March	92-11	92-26	92-11	92-31
June	—	—	—	92-18

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.80	93.86	93.79	93.80
Sept	93.79	93.87	93.79	93.61
Dec	93.71	93.78	93.71	93.71
March	93.65	93.62	93.65	93.55
June	93.39	93.44	93.39	93.39
Sept	93.24	93.29	93.24	93.24
Dec	93.10	93.15	93.16	93.10

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	92.87	92.96	92.87	92.86
June	93.67	93.12	93.07	93.67
Sept	93.07	93.07	—	93.00
Dec	—	—	—	92.86

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	93.52	92.54	92.52	92.56
June	93.78	92.82	92.77	92.77
Sept	93.71	93.78	92.76	92.70
Dec	92.67	92.66	92.67	92.58
March	92.38	92.48	92.37	92.37
June	92.21	92.31	92.20	92.20
Sept	93.00	92.15	92.03	92.04
Dec	91.90	92.00	91.88	91.88

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	119-07	119-17	118-25	119-02
June	119-18	120-17	119-15	120-00
Sept	119-28	120-05	119-26	120-11

Estimated volume 4,429 (7,276)
Previous day's open int 7,612 (6,706)
Basis quote (clean cash price of 13% Treasury 2004-08 less equivalent price of near futures contract) —4 to 4 (32nds)

16% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
March	99-09	—	—	99-11
June	99-27	99-40	99-20	99-29

Estimated volume 427 (189)
Previous day's open int 958 (937)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
March	88.34	88.36	88.32	88.35
June	89.30	89.40	89.30	89.37
Sept	89.73	89.81	89.73	89.78
Dec	89.97	90.03	89.97	90.02
March	90.07	90.13	90.07	90.16
June	90.00	90.10	90.08	90.10

Estimated volume 1,346 (1,628)
Previous day's open int 12,143 (11,914)

FT—SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	162.55	164.00	162.25	162.70
June	164.45	165.50	164.25	164.70
Sept	166.45	—	—	166.70

Estimated volume 442 (208)
Previous day's open int 1,807 (1,836)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	92.50	92.54	92.51	92.56
June	92.79	92.84	92.77	92.78
Sept	92.73	92.79	92.72	92.74
Dec	92.60	92.67	92.58	92.61
March	92.41	92.49	92.49	92.42
June	92.23	92.31	92.31	92.24
Sept	92.06	—	—	93.67
Dec	91.89	—	—	91.90

Estimated volume 4,081 (2,838)
Previous day's open int 19,112 (19,540)

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	97-01	98-09	96-30	97-23
June	96-14	97-28	96-06	97-09
Sept	95-25	—	—	96-20

Estimated volume 6,105 (7,674)
Previous day's open int 5,443 (5,327)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4650	1.4602	1.4501	1.4388	1.4205

IMM—STERLING $s per £

	Latest	High	Low	Prev
March	1.4655	1.4710	1.4600	1.4680
June	1.4500	1.4580	1.4455	1.4636
Sept	1.4380	1.4450	1.4340	1.4425
Dec	1.4340	1.4340	1.4225	1.4316

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.4585	1.4630	1.4590	1.4656
June	1.4518	1.4500	1.4423	1.4507
Sept	1.4405	—	—	1.4395

Estimated volume 123 (144)
Previous day's open int 3,314 (3,328)

MONEY MARKETS

Little change ahead of Budget

UK rates were little changed ahead of today's Budget. Sterling's weaker trend and uncertainty about oil prices failed to detract from a current rate structure that already discounts at least a half a point cut in UK clearing bank base rates. Three-month interbank money finished at 11⅝-11¾ per cent, unchanged from Friday. Overnight money traded between a high of 13¼ per cent and a low of 11 per cent.

The Bank of England forecast a shortage of around £100m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £946m and the unwinding of previous sale and repurchase agreements a further £250m. In addition Exchequer transactions accounted for £250m. These were all but offset by £1,317m entering the market through the Bank's latest gilt repurchase agreement, a fall in the note circulation of £340m and banks' balances brought forward £15m above target.

The one-week and two-month rates on yesterday's repurchase facilities were 12⅞ per cent and 11⅞ per cent respectively. There was no intervention by the Bank in the morning.

The forecast was later revised to a shortage of around £50m and the Bank gave assistance in the afternoon of £42m comprising purchases of £8m of eligible bank bills in band 1 at 12⅜ per cent and £34m in band 2 at 12⁵⁄₁₆ per cent. Late assistance came to £20m, making a total of £62m.

In Frankfurt the Bundesbank announced a further sale and repurchase agreement over a 35 day period at a minimum tender price of 4.3 per cent. Funds will be credited to commercial banks tomorrow. Despite the authorities' latest offer, funds are likely to remain scarce. Tomorrow also sees the maturity of DM 6.6bn as a previous sale and repurchase agreement expires, while liquidity levels will be further drained today by maturing currency swaps. Commercial banks still have to make up minimum reserve requirements while an outflow of funds ahead of the Easter break will further exacerbate the shortage.

UK clearing banks base lending rate 12½ per cent since January 9

NEW YORK RATES

(Lunchtime)

Prime rate	9
Broker loan rate	8¾-8⅞
Fed funds	7⅞
Fed funds at intervention	—
Treasury Bills & Bonds	
One month	6.28
Two month	6.57
Three month	6.73
Six month	6.92
One year	7.00
Two year	7.21
Three year	7.26
Four year	7.34
Five year	7.41
Seven year	7.62
10 year	7.72
30 year	7.94

FT LONDON INTERBANK FIXING

(11.00 a.m. March 17) Three months U.S. dollars		Six months U.S. dollars	
bid 7 3/8	offer 7 1/2	bid 7 5/16	offer 7 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Mar. 17	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-13¼	12⅜-12⅞	11⅞-12⅛	11⅝-11¾	11⅛-11⅜	10⅞-11
Sterling CDs	—	—	11⅞-12	11⅝-11⅝	11⅛-11⅛	10⅞-10⅞
Local Authority Depos	12¾-13	12¼-12⅞	11⅞	11⅝	11⅛	10⅞
Local Author'y Bonds	—	—	12¼	11⅞	11⅛	11¼
Discount Mkt Depos	11½-12½	12¼-12½	11¾	11¼	—	—
Company Depos	12¾-13	12½-13½	12⅛	11⅞	—	—
Finance House Depos	—	—	12	11⅞	11⅜	11
Treasury Bills (Buy)	—	—	11⅞	11⅜	—	—
Bank Bills (Buy)	—	—	11⅞	11⅝	10⅞	—
Fine Trade Bills (Buy)	—	—	11⅞	12⅜	11⅝	—
Dollar CDs	—	—	7.30-7.35	7.20-7.30	7.25-7.30	7.3-7.35
SDR Linked Depos	—	—	8-8¼	7¾-8	7⅝-7⅞	7⅛-7⅜
ECU Depos	—	—	9⅞-10	8½-9⅝	8⅝-8⅞	8⅛-8⅜

Treasury Bills (sell): one-month 11⅝ per cent; three-months 11⁷⁄₁₆ per cent. Bank Bills (sell): one-month 11²⁵⁄₃₂ per cent; three-months 11¹⁵⁄₃₂ per cent. Treasury Bills: Average tender rate at discount 11.1596 per cent. ECGD Fixed Finance Scheme IV reference date February 5 to March 4 (inclusive): 12.654 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 13 per cent from March 1 1986. Bank Deposit Rate for sums at seven days' notice 6-6⅛ per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12¼ per cent; one-three months 11⅞ per cent; three-six months 11⅝ per cent; six-nine months 11 per cent; nine-12 months 11 per cent. Under £100,000 11 per cent from March 12. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7 per cent.

MONEY RATES

March 17	Ov'rnight	One Month	Two Months	Three Months	Six Months	Lombard Int'vt'n
Frankfurt	4.65-4.75	4.50-4.05	4.40-4.65	4.40-4.55	4.35-4.50	5.5
Paris	8½	8-8⅛	—	8⅛-8⅛	—	8¼
Zurich	[illegible]	[illegible]	—	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	—	[illegible]	[illegible]	—
Tokyo	[illegible]	[illegible]	—	[illegible]	—	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	—	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 17, 1986. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on US dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	90.00
Albania	Lek	8.98
Algeria	Dinar	(A) 6.98
Andorra	French Franc	10.1175
	Spanish Peseta	207.50
Angola	Kwanza	43.6765
Antigua	E. Caribbean $	3.94
Argentina	Austral	1.1750
Aruba	Florin	2.66 (18)
Australia	Australian $	2.0740
Austria	Schilling	23.05
Azores	Portuguese Escudo	215.25
Bahamas	Ba. Dollar	1.4650
Bahrain	Dinar	0.5515
Balearic Isles	Spa Peseta	207.50
Bangladesh	Taka	43.41
Barbados	Barbados $	2.9365
Belgium	B. Franc	(cm) 67.40
		(fn) 68.35
Belize	B $	2.92
Benin	C.F.A. Franc	505.88
Bermuda	Bda $	1.4650
Bhutan	Ngultrum	17.85
Bolivia	Bolivian Peso	(o) 8708300.0
Botswana	Pula	2.3950
Brazil	Cruzado	20.2805 (20)
Brit. Virgin Isles	U.S. $	1.4650
Brunei	Brunei $	3.1675
Bulgaria	Lev	1.3544
Burkino Faso	C.F.A. Franc	505.88
Burma	Kyat	10.7738
Burundi	Burundi Franc	154.40
Cameroon	C.F.A. Franc	505.88
Canada	Canadian $	2.07567
Canary Islands	Spanish Peseta	207.50
Cape Verde Is	Cape V. Escudo	130.36
Cayman Islands	Cay. Is $	1.2190
Cent. Afr. Republic	C.F.A. Franc	505.88
Chad	C.F.A. Franc	505.88
Chile	Chilean Peso	278.43
China	Renminbi Yuan	4.7132
Colombia	Col. Peso	(F) 263.09
Comoro Islands	C.F.A. Franc	505.88
Congo (Brazzaville)	C.F.A. Franc	505.88
Costa Rica	Colon	(U) 78.77
Cuba	Cuban Peso	1.2816
Cyprus	Cyprus £	0.7470
Czechoslovakia	Koruna	(com) 8.75
		(n/c) 15.24
		(T) 14.79
Denmark	Danish Kroner	12.18
Djibouti	Djibouti Franc	248.0
Dominica	E. Caribbean $	3.94
Dominican Repub.	Dominican Peso	3.60 (7)
Ecuador	Sucre	(o) 167.37
		(F) 211.75
Egypt	Egyptian £	(o) 1.2120
		(T) 1.0500
El Salvador	Colon	7.3450
Equatorial Guinea	C.F.A. Franc	505.88
Ethiopia	Ethiopian Birr	3.0300
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	12.18
Fiji Islands	Fiji $	1.5890
Finland	Markka	7.4820
France	French Franc	10.1170
French C'ty in Af.	C.F.A. Franc	505.88
French Guiana	Local Franc	10.1175
French Pacific Is.	C.F.P. Franc	174.0
Gabon	C.F.A. Franc	505.80
Gambia	Dalasi	10.20
Germany (East)	Ostmark	3.2925
Germany (West)	Deutsche Mark	3.2925
Ghana	Cedi	131.70
Gibraltar	Gibraltar £	1.0
Greece	Drachma	205.52

COUNTRY	CURRENCY	VALUE OF £ STERLING
Greenland	Danish Kroner	12.18
Grenada	E. Caribbean $	3.94
Guadaloupe	Local Franc	10.1175
Guam	U.S. $	1.4650
Guatemala	Quetzal	1.4650
Guinea	Franc	496.40 (16)
Guinea-Bissau	Peso	248.90
Guyana	Guyanese $	5.86
Haiti	Gourde	7.30
Honduras	Lempira	2.9665
Hong Kong	H.K. $	11.4650
Hungary	Forint	67.3402
Iceland	I. Krona	60.35
India	Ind. Rupee	17.85
Indonesia	Rupiah	1,646.96
Iran	Rial	117.00 (sg)
Iraq	Iraqi Dinar	0.4565
Irish Republic	Irish £	1.0698
Israel	Shekel	2.18 (17)
Italy	Lira	2,237.0
Ivory Coast	C.F.A. Franc	505.88
Jamaica	Jamaica Dollar	8.17 (sg)
Japan	Yen	257.05
Jordan	Jordanian Dinar	0.5120
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	23.53
Kiribati	Australian $	2.0740
Korea (Nth)	Won	1.67
Korea (Sth)	Won	1,287.80
Kuwait	Kuwaiti Dinar	0.4190
Laos	New Kip	51.10
Lebanon	Lebanese £	28.30
Lesotho	Maluti	2.9450
Liberia	Liberian $	1.4650
Libya	Libyan Dinar	0.4325
Liechtenstein	Swiss Franc	2.76
Luxembourg	Lux Franc	67.40
Macao	Pataca	11.86
Madeira	Portuguese Escudo	210.25
Malagasy Republic	MG Franc	809.00
Malawi	Kwacha	2.5470
Malaysia	Ringgit	3.0970
Maldive Islands	Rufiyaa	10.22
Mali Republic	C.F.A. Franc	505.88
Malta	Maltese Lira	0.6810
Martinique	Local Franc	10.1175
Mauritania	Ouguiya	112.42
Mauritius	M. Rupee	19.7750
Mexico	Mexican Peso	(F) 606.03
		(o) 603.79
Miquelon	Local Franc	10.1175
Monaco	French Franc	10.1170
Mongolia	Tugrik	4.90
Montserrat	E. Caribbean $	3.94
Morocco	Dirham	16.10 (sg)
Mozambique	Metical	(A) 69.61
Namibia	S.A. Rand	2.9430
Nauru	Australian Dollar	2.0740
Nepal	Nepalese Rupee	29.66
Netherlands	Guilder	3.7450
Netherland Antilles	Antillian Guilder	2.63
New Zealand	N.Z. Dollar	2.7570
Nicaragua	Cordoba	(B) 41.13
Niger Republic	C.F.A. Franc	505.88
Nigeria	Naira	1.47756 (sg)
Norway	Norwegian Krone	10.38
Oman Sul'ate of	Rial Omani	0.5092
Pakistan	Pakistan Rpes	23.10
Panama	Balboa	1.4050
Papua N. Guinea	Kina	1.4110
Paraguay	Guarani	(3) 362.00 (10)
		(1) 1160.31 (7)

COUNTRY	CURRENCY	VALUE OF £ STERLING
Peru	Inti	exc(A) 20.45 (16)
Philippines	Philippine Peso	28.70
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7570
Poland	Zloty	243.21
Portugal	Portuguese Escudo	216.25
Puerto Rico	U.S. $	1.4650
Qatar	Qatari Ryal	0.3255
Reunion Island	French Franc	10.1170
Romania	Leu	(Cm) 6.62
		(NC) 12.48
Rwanda	Rwanda Franc	128.54
St. Christopher	E. Caribbean $	3.94
St. Helena	St. Helena £	1.0
St. Lucia	East Caribbean $	3.94
St. Pierre	Local Franc	10.1175
St. Vincent	E. Caribbean $	3.94
Samoa American	U.S. $	1.4650
San Marino	Italian Lira	2,237.0
Sao Tome & Prin.	Dobra	07.81
Saudi Arabia	Saudi Ryal	5.5575
Senegal	C.F.A. Franc	505.88
Seychelles	S. Rupee	9.15
Sierra Leone	Leone	(o) 7.30
Singapore	Singapore $	3.1075
Solomon Islands	Solomon Is. $	2.3100
Somali Republic	Somali Shilling	95.44
South Africa	Rand	2.9430
Spain	Peseta	207.30
Spanish ports in North Africa	Peseta	207.50
Sri Lanka	S. L. Rupee	40.14
Sudan Republic	Sudan £	3.65
Surinam	S. Guilder	2.61
Swaziland	Lilangeni	2.9450
Sweden	S. Krona	10.5325
Switzerland	Swiss Franc	2.76
Syria	Syrian £	(A)(T) 9.0
		(CM) 0.73
Taiwan	New Taiwan $	57.09
Tanzania	Tan. Shilling	25.20
Thailand	Baht	38.23
Togo Republic	C.F.A. Franc	505.88
Tonga Islands	Pa'anga	2.0740
Trinidad	Trinidad & Tob $	5.28
Tunisia	Tunisian Dinar	1.0275 (sg)
Turkey	Turkish Lira	946.44
Turks & Caicos	U.S. $	1.4650
Tuvalu	Australian $	2.0740
Uganda	Uganda Shilling	2,050.0
United States	U.S. Dollar	1.4650
Uruguay	Uruguay Peso	198.30
Utd. Arab Emirates	U.A.E. Dirham	5.3858
U.S.S.R.	Rouble	1.0645
Vanuatu	Vatu	159.95
Vatican	Italian Lira	2,237.0
Venezuela	Bolivar	(4) 6.28
		(6) 10.98
		(o) 27.85
Vietnam	New Dong	(o) 18.20 (10)
Virgin Island U.S.	U.S. Dollar	1.4650
Western Samoa	Samoan Tala	(A) 3.2865
Yemen (Nth)	Ryal	(A) 10.23 (sg)
Yemen (Sth)	S. Yemen Dinar	0.5010
Yugoslavia	New Y Dinar	474.49
Zaire Republic	Zaire	78.65
Zambia	Kwacha	9.86
Zimbabwe	Zimbabwe $	2.3125

‡ Rate is the transfer market (controlled). †† Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (8) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rates. (10) Rate for exports. (14) Nearly all business transactions. (15) Vietnam:—1 new dong equals 10 old dongs. (16) Peru:—1 Inti equals 1,000 soles. (17) Israel:—1 new shekel equals 1,000 old shekels. (18) Aruba florin:—new currency introduced January 1, 1986. (19) Guinea Republic—franc, new exchange rate announced. (20) Brazil:—1 cruzado equals 1,000 cruzeiros.

Company Notices

RAND MINES GROUP

RAND MINES

ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the annual general meetings of the undermentioned companies will be held in the auditorium, lower ground floor, The Corner House, 63 Fox Street, Johannesburg on the dates and at the times shown:

Name of Company (Both of which are incorporated in the Republic of South Africa)	Date of Meeting	Time of Meeting	Closure dates of Registers of Members (inclusive)
Durban Roodepoort Deep Limited (Registration No. 01 00926/06)	10 April 1986	10h30	4 April to 10 April 1986
East Rand Proprietary Mines Limited (Registration No. 01/00773/06)	10 April 1986	11h30	4 April to 10 April 1986

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on a poll and speak and act in his stead. A proxy need not be a member of the company.

Holders of share warrants to bearer who desire to attend or be represented at the meeting must produce their share warrants or a certificate of their holding from a banker or other approved person at the bearer reception office in the United Kingdom, or they must produce their share warrants at the office of the Paris correspondents, in both cases at least five clear business days before the date appointed for the holding of the meeting and shall otherwise comply with the "Conditions governing share warrants" in force. Upon such production a proxy form or an attendance form will be issued under which such share warrant holders may be represented at the meeting.

Holders of share warrants to bearer may obtain a copy of the annual report and accounts upon application to 40 Holborn Viaduct, London EC1P 1AJ.

By order of the Boards
RAND MINES (MINING & SERVICES) LIMITED
Secretaries
per V. M. MURTON
Administrative Manager and Secretary

Registered Office:
15th Floor, 63 Fox Street,
Johannesburg 2001.
(P.O. Box 62370
Marshalltown 2107)

5 March 1986

RIGGS NATIONAL CORPORATION
$100,000,000
Floating rate subordinated capital notes 1996

In accordance with the provisions of the notes, notice is hereby given that for the period March 18th 1986 to June 18th 1986, the notes will carry an interest rate of 7¹¹⁄₁₆% per annum with a coupon amount of $196.46.

Chemical Bank
as Agent

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99 11/16	96¾	Treas. 10pc Cnv 1986	99 11/16xd		10.02	12.64
98 7/16	97¼	Treas 3pc 1986	98 7/16	+1/16	3.05	12.38
100	97½	Exch. 10½pc 1986	99 21/32	+1/32	10.54	12.55
101⅞	99¼	Treas 12pc 1986	99 27/32	–1/32	12.02	12.55
99¼	94¼	Treas 8½pc 1984-86‡‡	99¼	+⅛	0.56	10.92
105 3/32	100	Exch 14pc 1986	102½		13.78	11.10
95 13/16	87¼	Exch. 2½pc 1986	95⅝	+⅛	2.61	9.25
104 7/16	100⅝	Exch 13¼pc 1987	101⅞	..	13.01	10.80
99 13/16	96⅝	Treas 10¼pc Cv '87	99⅝		10.29	10.65
94¼	85½	Exch 2½pc 1987	94⅛	....	2.65	8.86
100 3/16	96¼	Exch 10½pc 1987	99⅝xd	...	10.51	10.66
96 3/16	89	Funding 6½pc '85-87‡‡	96	–⅛	6.77	10.36
99 3/16	95½	Treas. 10pc 1987	99 3/16	+1/16	10.08	10.67
93 1/16	84¼	Treas 3pc 1987	93⅛	–⅛	3.22	8.60
102 11/16	99⅛	Treas. 12pc 1987	101 15/16	+1/16	11.77	10.64
96 1/16	90¼	Treas 7¾pc 1985-88‡‡	95¼	.	8.09	10.29
100 1/16	95⅛	Exch 10½pc '88	100 1/16	+1/16	10.49	10.46
98 13/16	93⅛	Treas 9¾pc Cv '88	98 3/16	..	9.89	10.46
89¼	80	Transport 3pc '78-88	89⅛	....	3.37	8.31
98	91½	Treas 9½pc '88	97¾	+⅛	9.72	10.49
103⅛	97½	Treas 11½pc 1989	103	+⅛	11.17	10.28
98 13/16	90¼	Treas 4½pc Cnv. '89	98¼xd	+1/16	9.66	10.15
85¾	79	Treas 3pc 1989	85⅜	+⅛	3.50	8.26
100 15/16	94	Treas 10½pc 1989	100½	+1/16	10.45	10.29
99⅝	92	Exch 10pc 1989	99⅛	..	10.09	10.31
102⅞	95	Exch 11pc 1989	102⅛xd	+1/16	10.77	10.26
88¼	79	Treas 5pc 1986-89	88xd	..	5.68	4.00
104 [illegible]	95	Exch 10¼pc Cv '89	103 1/16	.	4.92	9.14
[illegible]	103¼	Treas 13pc 1990‡‡	109¼	+⅛	11.90	10.02
[illegible]	96 11/16	Exch 11pc 1990‡‡	103⅛	+⅛	10.67	10.00
[illegible]	101⅛	Exch. 12½pc 1990	108½xd	+⅛	11.56	9.99
[illegible]	75¼	Treas. 3pc 1990	81⅛	+⅛	3.67	8.30
[illegible]	87¼	Treas 8¼pc 1987-90‡‡	94 3/16	+1/16	8.72	9.84
[illegible]	91⅞	Treas 10pc Cv 1990	100 1/16	+1/16	9.99	4.97
18 [illegible]	76¼	Exch 2½pc 1990	78¼	+⅛	3.20	8.18
108¼	97⅛	Treas 11¾pc 1991	106½	+1/16	11.03	10.00
		Five to Fifteen Years				
89⅞	77 15/16	Funding 5¾pc '87-91‡‡	89½xd	–⅛	6.43	8.38
104⅞	93 11/16	Exch 11pc 1991	104⅛	.	10.54	9.95
113¼	101⅛	Treas 12¾pc 1992‡‡	112⅝	.	11.32	9.85
102	89¼	Treas 10pc 1992	101⅛	.	4.86	9.68
103⅝	91⅝	Treas 10½pc Cv 1992‡‡	103⅛	.	10.16	9.75
111⅛	99⅛	Exch. 12¼pc '92	110⅝	.	11.07	4.98
117¼	104 1/16	Exch 13½pc 1992	116⅝xd	..	11.58	9.96
26¾	19⅞	Treas 10pc 1993 (£20pd)	26⅛		9.91	9.82
113⅞	100 3/16	Treas 12½pc 1993‡‡	113½		11.01	9.86
86⅛	74	Funding 6pc 1993‡‡	86½	.	6.94	8.46
120¼	106 15/16	Treas 13¾pc 1993‡‡	119⅞	.	11.47	9.97
125⅛	112 1/16	Treas 14½pc 1994‡‡	125⅛		11.59	9.86
119¼	105 3/16	Exch 13½pc 1994	118⅞	.	11.36	10.04
[illegible]	[illegible]	Exch 12½pc 1994	114⅛	–⅛	10.93	9.94
[illegible]	[illegible]	Treas 9pc 1994‡‡	96⅛	–¼	9.34	4.62
[illegible]	[illegible]	Treas 12pc 1995	111⅞		10.73	9.94
[illegible]	[illegible]	[illegible] 3pc '90-95	74½	+¼	4.03	6.80
[illegible]	[illegible]	Exch 10¼pc 1995	102⅞	..	4.98	4.79
[illegible]	103½	Treas 12¾pc 1995‡‡	117¼	.	10.85	9.88
124¼	109 15/16	Treas. 14pc '96	124¼		11.22	9.98
96⅝	83⅝	Treas 9pc 1992-96‡‡	96⅝	+⅛	9.31	9.53
133⅝	117 15/16	Treas 15¼pc 1996‡‡	133⅛	–⅛	11.46	9.98
122⅛	107¼	Exch 13¼pc 1996‡‡	121⅝	.	10.89	4.83
80¼	67¼	Redemption 3pc 1986-96	80¼xd	.	3.74	5.49
122⅞	107 3/16	Treas 13¼pc 1997‡‡	122¼	+⅛	10.84	9.86
105⅛	41	Exch 10½pc 1997	104¼		10.02	9.78
94⅝	81¼	Treas 8¾pc 1997‡‡	94⅛	–⅛	4.28	9.58
133¼	117⅞	Exch. 15pc 1997	133⅛	–⅛	11.25	10.05
[illegible]	07¼	Exch 9¾pc 1998	100½	–⅛	9.74	9.72
[illegible]	69 3/16	Treas 6¾pc 1995-98‡‡	83⅛	–⅛	8.26	9.29
[illegible]	127 1/16	Treas. 15½pc '98‡‡	138⅞xd	..	11.16	9.99
116⅛	101 1/16	Exch. 12pc 1998	115⅛	.	10.40	4.84
100	86⅝	Treas 9½pc 1999‡‡	99½		9.55	9.56
118⅝	103¼	Exch. 12¼pc 1999	117¾xd	+⅛	10.40	9.81
106¼	92⅝	Treas 10½pc 1999	106		4.91	9.68
104⅞	90 11/16	Conversion 10¼pc 1999	104⅛	+⅛	9.84	9.69
25⅝	25	Cnv 9pc 2000 'A' (£25pd)	25⅛	.	9.34	9.48
124⅞	108 13/16	Treas. 13pc 2000	123⅞	–¼	10.49	4.85
104⅛	92 1/16	Treas 10pc 2001	103½	–¼	9.66	9.55
		Over Fifteen Years				
129	113¼	Treas. 14pc '98-01	127⅞	–¼	10.95	9.90
103	90 3/16	Conversion 4¼pc 2001	101⅞	+⅛	4.57	9.51
[illegible]	101⅛	Exch. 12pc '99-02	115⅞	–¼	10.36	9.79
[illegible]	90 3/16	Conversion 10pc 2002	103⅞xd	–⅛	9.63	9.53
[illegible]	[illegible]	Treas 9¾pc 2002	102	–¼	4.56	9.51
[illegible]	[illegible]	Treas. [illegible] 2000-03	129⅞	–¼	10.63	9.87
[illegible]	[illegible]	Treas 10pc '03 (£35pd)	46¼	–¼	9.55	9.43
[illegible]	[illegible]	Treas. 11½pc 2001-04	114¼xd	–¼	10.03	4.62
[illegible]	[illegible]	Treas. 10pc 2004	104¼	–¼	4.59	9.50
56½	46¼	Funding 3½pc '99-04	55¼	–¼	6.28	8.21
101½	88 13/16	Conversion 9½pc 2004	100⅛	–⅛	9.46	9.45
102¼	89	Conversion 9½pc 2005	100⅞xd	–¼	9.42	4.40
26½	20	Cnv 9½pc '05 A (£20pd)	25⅛	–⅛	4.35	4.31
110⅛	95 3/16	Exch 10½pc 2005	109¼xd	–⅛	9.62	9.46
125½	108⅞	Treas. 12½pc 2003-05	123⅛	–⅛	10.10	9.66
90	77 1/16	Treas. 8pc 2002-06‡‡	89⅛xd	–⅛	8.95	9.16
114⅛	103⅛	Treas. 11¾pc 2003-07	117¾	–¼	9.98	9.60
134¼	116 3/16	Treas 13½pc '04-08	132⅞xd	–⅛	10.18	9.65
67⅞	56⅝	Treas. 5½pc 2008-12‡‡	66¼	–⅛	8.24	8.74
88⅛	75 3/16	Treas. 7¾pc 2012-15‡‡	87½	–⅛	08.86	8.96
127⅞	110⅛	Exch. 12pc '13-'17	126⅛	–¼	9.50	9.32
		Undated				
43⅞	37¼	Consols 4pc	43⅛	.	9.28	—
39	32 13/16	War Loan 3½pc‡‡	38⅞	.	9.00	—
49½	48 3/16	Conv. 3½pc '61 Aft.	49⅝xd	..	7.09	—
32⅞	27 13/16	Treas. 3pc '66 Aft.	32⅝xd	.	9.20	—
27¾	23 3/16	Consols 2½pc	27⅝xd	.	9.05	—
27½	23 3/16	Treas. 2½pc	27¾xd	.	9.13	—

Index-Linked

1985/86 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
118½	105¾	Treas. 2pc '88	(297.1)	118¼xd	..	3.19	4.77
102⅞	91½	Do. 2pc '90	(333.9)	101⅞	....	3.52	4.37
114½	108¼	Do. 2pc '96	(267.9)	112¼	..	3.92	4.26
103½	95¼	Do. 2½pc '01	(308.8)	98½xd	..	3.83	4.08
103½	93⅞	Do. 2½pc '03	(310.7)	97⅝	.	3.74	3.97
106¼	96⅞	Do. 2pc '06	(274.1)	100½	.	3.63	3.84
[illegible]	[illegible]	Do. 2½pc '09	(310.7)	96	..	3.59	3.78

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

هكذا ص بالأصل

Miscellaneous

1985/86 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
55	30	Anglo-Dominion	30	.....	—	—	—
42	32	Anglo Utd Dev	33	.....	d2.05	♦	4.5
120	48	♥Colby Res Corp	50	.....	—	—	—
550	175	Cons. Murch. 10c	225	.....	Q80½c	3.9	‡
40	24	♣Emess Int. Ir10p	33	+2	—	—	—
123	70	Greenwich Res	95	−2	—	—	—
215	115	Hampton Areas 10p	129	−3	3.75	0.9	4.2
260	135	♥Highwood Res	235	+5	—	—	—
£22½	£15¼	Homestake Mining $1	£17¼	+¼	Q20c	—	0.8
310	155	♥McFinley Red Lake	190	+5	—	—	—
335	195	♥Masto Explorations	250	−5	—	—	—
55	23	♥New Sabena Res C$1	42	.....	—	—	—
375	195	Northgate C$1	227	+2	—	—	—
685	507	RTZ	644	+14	120.0	2.0	4.4
£145½	£114½	Do 9½pcLn'95-2000	£137½	+2½	Q9½%	14.0	7.0
980	800	♥Tara Expen $1	925	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	104	.....	Fin. 13% 97/02	£118¾	.....
Craig & Rose £1	134	.....	Arnotts	320	.....
Finlay Pkg. 5p	47	.....	CPI Hldgs	57	.....
Holt (Jos) 25p	745	.....	Carroll Inds.	171	.....
IoM Stm. £1	75	.....	Dublin Gas	56	.....
			Hall (R. & H.)	77	.....
IRISH			Heiton Hldgs.	31	.....
Fund 11¼% 1988	£100	.....	Irish Ropes	55	.....
Nat. 9¼% 84/89	£97¾	.....	Unidare	150xd	.....

"Recent Issues" and "Rights" Page 38
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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £675 per annum for each security.

MARKET REPORT

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 24	Mar 6	Mar 7	Mar 17
Mar 10	Mar 26	Mar 27	Apr 7
Apr 1	Apr 10	Apr 11	Apr 21

* "New-time" dealings may take place from 9.30 am two business days earlier.

Pre-budget restraint pulls equities back from buoyant opening

Early optimism aroused by Wall Street's searing late advance to a record level on Friday faded as equity investors showed restraint yesterday ahead of today's budget proposals. Within minutes of the opening the FT Ordinary share index rose to a new interday peak of 1,371.4 but the gain of over ten points was gradually whittled away and it closed 3 points down on the session at 1,357.7.

Interest rote hopes and thoughts that the Chancellor could make modest tax concessions were other contributory factors to the strong initial tone. For a while business was lively until demand faltered in the face of profit-taking and blue chip issues retreated from their anhanced levels. Certain stocks reacted more than others as dealers were able to rectify tricky trading positions. The inconclusive outcome of the weekend Opec meeting was no surprise.

Trade throughout the afternoon was extremely light but the market became edgy awaiting the opening of the New York market. The Dow Jones index fell sharply to show an early loss of some 22 points and leading shares in London followed to close a few pence off on the day. Many good features, however, appeared among secondary industrials following a spate of weekend Press recommendations and favourable trading statements.

Gilt-edged traders had forecast a slow pre-budget session. Contrary to expectations, interest flared up in the new partly-paid long tap stock, Conversion 9 per cent 2000 "A." Foreign demand caused the authorities to activate the stock, £1bn of which was issued to the Bank of England late on Friday, at 20½ and 20½ before the business was satisfied.

Other longer-dated British Funds recovered from slightly lower opening levels on the back of the buying and also on firmness in Gilt futures. Afternoon selling caused a change of mood and the price gains, usually of ¼, were eventually replaced by falls of that amount. The shorts, on the other hand, maintained a bright tone throughout on anticipations of bank base rates being reduced sometime this week.

A quiet banking sector was featured by the strength of several overseas issues. ANZ moved up 21 to 283p and Westpac were a similar amount better at 293p, while National Australia advanced 26 at 303p on reported US demand. Deutsche gained 4 points to £257 and Compagnie Bancaire firmed 8½ points to £115¾. Standard Chartered edged forward a few pence to 546p in response to Press speculation about a possible consortium bid. Home banks, however, drifted lower for want of fresh support. Midland gave up 4 at 482p and Lloyds softened 3 at 583p. Among Merchant banks, Rothschild improved 2 to 129p and the warrants gained 3½ to 61½p on a weekend Press suggestion that Morgan Grenfell could launch a bid for the group.

Wellcome continued firmly among recently-issued equities, rising 12 more to 230p, after 238p, in response to weekend Press comment on the good progress being made in its research into the treatment of AIDS.

Pre-Budget nervousness curtailed business in Breweries. Bass, however, advanced a few pence more to 720p, after 723p, while Whitbread "A" closed 7 up at 265p. Allied-Lyons, on the other hand, dipped 5 more to 297p amid revived profit-taking in the wake of Elders' surprise decision to dispose of its 6 per cent stake last week. Regionals were also subdued, although Boddingtons hardened a couple of pence further to 107p ahead of Thursday's full-year figures.

The undertone in the Building sector remained firm. Blue Circle were finally 5 dearer at 648p, after 650p, and RMC 8 higher at the day's best of 574p. Housebuilders, although below the best, reflected hopes of a cut in mortgage rates in the near future. Barratt Developments, interim results due on Thursday, touched 148p prior to closing 4 up at 144p. George Wimpey closed a penny better at 167p, after 170p. Elsewhere, AMEC found further support at 260p, up 7 and Taylor Woodrow rose 10 to 560p, while renewed demand in a restricted market lifted J. Jarvis 17 to 310p. Press comment highlighting bid prospects stimulated fresh interest in Manders, 6 higher at 225p, but the absence of any news concerning current merger talks left Raine Industries 2½ easier at 45½p.

ICI traded quietly around the £10 level before drifting off on early Wall Street influences to close 8 cheaper on balance at 992p. Laporte settled 5 lower at 403p, as did Wardle Storeys, at 288p. British Benzol softened 2½ to 30p, but William Canning gained 4 to 130p, after 136p, reflecting Press comment on the company's US growth prospects.

Stores below best

Selectively supported from the outset, leading Stores subsequently encountered occasional offerings and closed well below best levels. Talk of a possible bid from Dee Corporation lifted Woolworth to 618p in initial trading; the absence of immediate developmnets, however, prompted the liquidation of short-term positions and the close was a net 9 cheaper at 603p. Harris Queensway, buoyant recently amid bid hopes, dipped 10 to 246p, while W. H. Smith "A," up to 322p at one stage, settled 2 cheaper on balance at 314p. Secondary Stores traded in much more subdued fashion than of late. The absence of news concerning the recent bid approaches coupled with "put" option business left rumoured "shell" situation Martin Ford 5 cheaper at 117p. Executex Clothes also met profit-taking and eased 10 to 103p, while Marks and Spencer supplier S. R. Gent eased 6 to 64p in front of today's half-timer. In contrast, favourable Press comment lifted Tern 3 to 50p, and Blanchards 13 to 130p; the latter's interim figures are scheduled for Thursday. Further consideration of the pleasing full-year figures lifted World of Leather 10 to 220p, while fresh demand in a relatively narrow market saw Shara Drug 17 higher to 295p.

Shoes and Leather issues made progress under the lead of Pittard which revealed increased annual profits and advanced 6 to 94p, after 98p. Lambert Howarth rose 10 to 203p in sympathy, while Style touched 241p before settling 5 up on balance at 238p.

GEC came on offer and fell 8 to 202p among the quietly dull Electrical majors. Thorn EMI cheapened 5 at 479p and Racal dipped 4 at 202p, while Plessey softened a couple of pence at 222p as did STC, at 116p. Elsewhere, Cambridge Electronic lost 12 to 303p in reaction to the disappointing 15 per cent annual profits contraction, while news of the third-quarter deficit left Mnemos 6 off at 39p, after 38p. Adverse comment clipped 3 from CASE at 99p, while falls of 5 and 6 respectively were seen in BSR, 110p, and Western Selection, 63p. Sunleigh attracted late speculative support and moved up 1½ to a new peak of 23½p.

Engineers provided several of the day's more noteworthy features. Davies and Metcalfe, the subject of weekend Press mention, advanced 15 to 78p, the annual loss being counteracted by the maintained dividend. Newspaper comment enlivened interest in Hall Engineering, 14 to the good at 180p, and Triplex, 16 higher at 123p. Jones and Shipman, scheduled to reveal annual results tomorrow, closed 9 dearer at 122p, after 136p, while Delta put on 10 to 241p in anticipation of Friday's annual results. Hopkinsons continued to attract buyers at 223p up 9, while speculative demand left F. Cooper a like amount dearer at 65p. Westland rose 9 to 86p on news that the company has finally landed the £65m contract to supply 21 W-30 helicopters to India. Leading issues followed the general trend, although Hawker managed to retain a rise of 8 at 581p.

S. & W. Berisford, in receipt of a bid approach from Ferruzzi of Italy, jumped 24 to 225p after hours on reports that a mystery buyer was bidding 225p per share for a 14.99 per cent stake in the company. Hillsdown Holdings, which on Friday revealed that it had increased its stake in Berisford to 10.39 per cent, settled 3 cheaper at 240p, after 238p. Tate and Lyle, mentioned as a possible suitor for Berisford, were finally unchanged at 595p, after 598p. Elsewhere in the Food sector, Unigate attracted fresh demand following Press comment and touched 296p prior to closing 7 higher at 290p. Jamesons Chocolates were boosted by bid suggestions and rose 30 to 135p in a restricted market.

Trusthouse Forte advanced to 202p amid fresh bid speculation before easing back on profit-taking to close only a couple of pence dearer on balance at 194p. Grand Metropolitan slipped 5 to 370p, while Ladbroke gave up 8 to 338p.

Thomas Jourdan up

Leading miscellaneous industrials started the day on a firm note, but gradually drifted off to close a few pence lower on balance. Boots, however, retained a gain of 5 at 271p, after 275p. BOC, in contrast, ended 4 off at 373p and BTR 5 cheaper at 480p. Elsewhere, Thomas Jourdan, reflecting the good annual results and proposed one-for-one scrip issue, advanced 25 to 192p. A flurry of speculative demand left Associated British Ports 36 to the good at 523p, the rise being accompanied by talk of a bid from P. & O. Press mention left Cowan de Groot 6 higher at 71p, while Hepworth Ceramic, scheduled to reveal preliminary figures tomorrow, put on 5 to 183p. Speculative buying prompted a rise of 8 to 75p in Dwek Group, but Prestwich eased a few pence to 154p following the interim statement. Cape Industries were again supported at 84p, up 6, but Turner and Newall eased 6 to 183p on vague talk of a large line of shares overhanging the market. Beatson Clark advanced to 198p in response to the annual results before falling back on profit-taking to close only 3 firmer on balance at 190p. Valor were supported and put on 7 to 227p, while Expamet, awaiting today's preliminary figures, rose a similar amount to 165p.

Motor Components traded in irregular fashion. AE, supported of late following a sizeable valve spring order from Cadillac, eased a few pence to 132p, while Lucas, interim results expected March 26, gave up 3 to 637p. Charlie Browns Car Part Centres, hardened 5 to 150p in response to the midterm statement.

Associated Newspapers closed 7 to 288p following the proposed rights issue. Octopus, on the other hand, improved 20 to 630p in front of Thurday's preliminary results.

Leading Properties edged higher initially, but drifted off in the absence of further buying interest to close virtually unchanged. Secondary issues, however, displayed several noteworthy movements. Rosehaugh met with renewed buying interest on Broadgate development prospects and raced ahead to 590p before a bout of profit-taking left the close 5 cheaper on balance at 545p. Bradford Property attracted fresh demand at 490p, up 20, while Cussins rose 25 to 215p.

Oil shares traded in a narrow band awaiting the outcome of the OPEC meeting in Geneva and today's Budget. A few pence easier in mid-afternoon, reflecting the decline in other equity sectors, the big two, BP and Shell, steadied after hours and closed unchanged at 548p and 743p respectively amid rumours that Saudi Arabia had agreed to observe production restraints to stabilise oil prices around the $18 to $20 a barrel level. Britoil, reporting full-year results on Thursday, were a shade firmer at 181p, after 178p. Burmah were marked up to a 1985-86 high of 354p at the outset, still reflecting talk of an imminent bid, but retreated to 342p prior to closing a net 4 firmer at 347p.

The South African Budget news was regarded as broadly neutral and had little effect on South African gold and related issues which opened a shade easier and moved narrowly for most of the session prior to picking up after-hours! The late rally followed a marked improvement in the bullion price which was finally a net $6 firmer at $352.75 an ounce in the wake of the initial sharp decline on Wall Street.

Leading Golds showed minor movements in either direction. Randfontein dipped a point to £63, and Vaal Reefs eased ½ to £54½, but marginal improvements were seen in Driefontein, £12¾ and Western Deep, £28¾. Among the cheaper priced issues, Kloof were a disappointing market and gave up 25 to 512p, while Venterspost dipped a similar amount to 448p.

South African Financials were generally easier where changed. De Beers, however, shrugged off worries over allegations of over-mining in Namibia and edged up 5 to 450p. UK Financials provided a firm feature in Rio Tinto-Zinc, which rose 14 to 644p. On the other hand, Consolidated Gold Fields fell 6 to 467p and Hampton Areas lost 3 at 120p; the latter following adverse Press comment. Elsewhere, Gold and Base gave up a like amount to 28p owing to profit-taking.

The latest advance to record levels by overnight Sydney and Melbourne markets was again spearheaded by "down-under" banks and industrials, but a number of the leading diversified mining groups managed to record good gains. CRA were outstanding and closed 14 higher at 314p while MIM put on 9 to 126p and Western Mining and Bougainville 5 apiece to 171p and 116p respectively. Friday's news that Claremont Petroleum had built up an 11.7 per cent stake led to widespread profit-taking in Poseidon in overnight domestic markets and London dealers marked Poseidon's shares down to 160p at the opening. However, the late improvement in bullion prompted a minor rally which left the shares a net 12 off at 163p. Australian Consolidated Minerals attracted steady support and rose 5 to 87p, while Bond Corporation jumped 10 to a 1985-86 high of 147p.

Details of Traded Option business were unavailable owing to continuing problems associated with the new computerised matching system.

FINANCIAL TIMES STOCK INDICES

	Mar. 17	Mar. 14	Mar. 13	Mar. 12	Mar. 11	Mar. 10	year ago
Government Secs	88.53	88.67	88.46	88.88	88.92	87.72	80.30
Fixed Interest	92.63	92.90	92.27	93.21	92.62	91.49	84.01
Ordinary ♥	1357.7	1360.7	1350.2	1350.7	1336.8	1305.5	995.4
Gold Mines	318.3	313.7	351.0	322.2	322.6	330.4	481.7
Ord. Div. Yield	3.93	3.99	4.05	†4.03	4.06	4.10	4.55
Earnings, Yld. % (full)	9.60	9.60	9.58	†9.58	†9.7b	†9.88	11.85
P/E Ratio (net) (*)	13.07	13.07	13.35	†12.94	†13.70	†13.54	10.82
Total bargains (Est.)	38,553	34,110	46,772	35,656	40,694	40,348	26,639
Equity turnover £m.	—	930.12	1037.33	988.46	748.21	655.05	327.37
Equity bargains	—	40,362	45,098	43,117	38,261	38,375	25,508
Shares traded (ml)	—	382.1	428.1	435.4	343.6	515.3	178.2

♥ 10 am 1370.7. 11 am 1366.5. Noon 1365.5. 1 pm 1364.2. 2 pm 1364.0. 3 pm 1363.3. 4 pm 1359.6. Day's High 1371.4. Day's Low 1357.7. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=12.57. † Corrected.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	88.92 (11/3/86)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	93.21 (12/3/86)	83.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1380.7 (14/3/86)	911.0 (25/7/85)	1380.7 (14/3/86)	49.4 (26/6/40)
Gold Mines	656.0 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Mar. 14	Mar. 13
Daily		
Gilt Edged Bargains	174.4	184.9
Equities Bargains	361.3	672.2
Value	1880.0	2096.7
5 day Average		
Gilt Edged Bargains	122.3	125.7
Equities Bargains	256.2	263.0
Value	1,761.0	1748.9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Mon Mar 17 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Fri Mar 14 Index No.	Thurs Mar 13 Index No.	Wed Mar 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	713.90	−0.3	8.88	3.33	15.54	2.04	716.19	714.46	720.11	556.37
2	Building Materials (24)	765.18	+0.9	8.61	3.55	14.55	1.06	758.60	755.99	763.92	498.45
3	Contracting, Construction (27)	1119.31	+1.0	8.24	3.90	16.09	3.46	1108.27	1110.49	1117.33	688.88
4	Electricals (13)	1950.58	+0.2	7.52	3.89	17.34	1.50	1947.46	1946.91	1959.18	1516.23
5	Electronics (38)	1710.28	−2.0	8.59	2.69	15.31	8.09	1745.20	1742.86	1758.99	1724.56
6	Mechanical Engineering (63)	403.21	+0.6	8.74	3.70	13.97	1.27	400.73	397.71	399.95	301.05
8	Metals and Metal Forming (7)	329.09	+0.2	6.70	5.21	18.23	0.00	328.51	318.65	322.56	195.82
9	Motors (18)	283.96	—	8.39	3.39	14.27	0.73	284.12	283.50	282.16	175.55
10	Other Industrial Materials (22)	1305.67	−0.7	6.30	3.01	19.08	2.60	1314.72	1319.33	1335.04	984.87
21	CONSUMER GROUP (184)	895.79	+0.2	7.51	3.15	16.76	2.93	893.64	881.95	883.54	646.53
22	Brewers and Distillers (24)	858.44	−0.4	9.18	3.61	13.89	4.04	861.52	861.55	873.90	578.29
25	Food Manufacturing (22)	652.11	+0.8	9.37	3.96	13.83	3.75	647.00	637.83	639.98	511.93
26	Food Retailing (14)	1859.30	−0.7	6.46	2.50	21.04	5.78	1871.80	1867.94	1877.93	1462.48
27	Health and Household Products (10)	1555.87	+1.5	4.98	2.08	23.96	0.25	1532.71	1492.36	1485.34	1032.40
29	Leisure (25)	924.25	—	7.38	3.78	17.53	9.78	923.84	916.51	905.18	681.89
32	Publishing & Printing (13)	2242.20	—	7.54	4.08	16.74	2.36	2243.32	2233.34	2246.46	1727.22
33	Packaging and Paper (15)	449.31	+0.1	7.69	3.55	15.47	0.31	449.01	449.08	451.16	324.76
34	Stores (43)	855.87	+0.1	6.24	2.57	21.66	1.06	854.93	847.49	848.43	585.55
35	Textiles (15)	531.49	−0.5	7.25	3.44	15.76	0.28	534.36	517.34	519.33	339.39
36	Tobaccos (3)	1130.33	—	11.68	4.40	9.86	6.49	1130.55	1093.29	1089.36	959.01
41	OTHER GROUPS (86)	835.54	−0.1	8.09	3.57	15.78	4.02	836.73	837.87	854.07	686.14
42	Chemicals (19)	948.89	−0.7	9.82	4.27	12.28	14.35	955.38	952.12	948.06	785.94
44	Office Equipment (4)	249.69	−1.0	7.75	4.03	15.36	3.81	252.18	256.84	257.79	184.77
45	Shipping and Transport (12)	1631.38	+0.5	6.27	3.58	19.75	0.00	1623.38	1630.29	1638.20	1145.99
47	Telephone Networks (2)	988.62	—	8.34	3.32	16.45	0.93	988.13	994.42	1042.41	819.37
48	Miscellaneous (49)	1025.97	−0.1	6.77	3.32	18.08	2.34	1026.85	1021.38	1020.91	866.50
49	INDUSTRIAL GROUP (482)	843.28	—	7.80	3.30	16.19	2.98	843.26	837.49	843.92	642.86
51	Oil & Gas (18)	1155.82	—	18.81	7.95	6.27	21.65	1156.29	1176.16	1183.40	1191.77
59	500 SHARE INDEX (500)	871.71	—	8.93	3.77	13.94	4.44	871.72	867.90	874.42	688.05
61	FINANCIAL GROUP (118)	596.65	+0.1	—	4.20	—	4.02	596.19	588.60	585.45	456.28
62	Banks (7)	618.46	—	18.62	5.42	7.56	11.28	618.36	598.55	578.14	443.05
65	Insurance (Life) (9)	902.15	−0.1	—	3.77	—	0.00	902.78	896.78	901.87	625.17
66	Insurance (Composite) (7)	486.99	−0.2	—	4.17	—	2.47	487.82	482.52	483.71	336.01
67	Insurance (Brokers) (8)	1262.70	+0.5	6.70	3.51	19.94	0.95	1256.72	1274.83	1307.38	1240.65
68	Merchant Banks (11)	354.27	—	—	2.95	—	0.06	354.15	352.75	350.06	236.90
69	Property (51)	734.47	+0.4	5.41	3.37	24.71	1.10	731.55	728.11	732.27	645.65
70	Other Financial (25)	339.59	+0.1	7.15	3.98	16.79	1.33	339.13	337.10	338.89	289.11
71	Investment Trusts (103)	732.98	+0.6	—	3.00	—	3.61	728.32	726.90	722.77	631.15
81	Mining Finance (3)	284.63	+1.1	11.68	5.46	9.98	0.00	281.63	280.65	276.37	292.05
91	Overseas Traders (14)	676.97	−0.7	12.81	6.18	9.26	7.85	681.42	673.02	678.63	660.35
99	ALL-SHARE INDEX (738)	791.40	—	—	3.84	—	4.22	791.05	786.59	790.28	627.87

	Index No.	Day's Change	Day's High	Day's Low	Mar 14	Mar 13	Mar 12	Mar 11	Mar 10	Year ago
FT-SE 100 SHARE INDEX ‡	1622.6	−1.8	1635.2	1622.6	1624.4	1616.7	1624.5	1597.1	1572.2	1300.3

FIXED INTEREST

	PRICE INDICES	Mon Mar 17	Day's change %	Fri Mar 14	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	121.29	+0.08	121.19	—	1.61
2	5-15 years	140.07	−0.01	140.09	—	2.16
3	Over 15 years	147.58	−0.18	147.84	—	3.28
4	Irredeemables	166.12	+0.02	166.08	—	1.62
5	All stocks	134.33	—	134.33	—	2.27
	Index-Linked					
6	5 years	108.88	—	108.87	—	0.81
7	Over 5 years	109.34	+0.01	109.33	—	0.91
8	All stocks	109.26	+0.01	109.25	—	0.98
9	Debentures & Loans	119.47	+0.25	119.17	—	2.87
10	Preference	83.03	+0.21	82.86	—	2.00

	AVERAGE GROSS REDEMPTION YIELDS		Mon Mar 17	Fri Mar 14	Year ago (approx.)
	British Government				
1	Low	5 years	8.94	8.94	10.92
2	Coupons	15 years	9.13	9.12	10.74
3		25 years	9.14	9.12	10.38
4	Medium	5 years	[illegible]	[illegible]	11.83
5	Coupons	15 years	[illegible]	[illegible]	11.18
6		25 years	[illegible]	[illegible]	10.64
7	High	5 years	[illegible]	[illegible]	11.96
8	Coupons	15 years	[illegible]	[illegible]	11.40
9		25 years	[illegible]	[illegible]	10.77
10	Irredeemables		[illegible]	[illegible]	10.22
	Index-Linked				
11	Inflat'n rate 5%	5 yrs.	4.49	4.48	0.0
12	Inflat'n rate 5%	Over 5 yrs.	3.78	3.78	0.0
13	Inflat'n rate 10%	5 yrs.	3.49	3.48	0.0
14	Inflat'n rate 10%	Over 5 yrs.	3.63	3.63	0.0
15	Debs & Loans	5 years	10.68	10.71	12.11
16		15 years	10.51	10.55	11.83
17		25 years	10.55	10.56	11.75
18	Preference		11.72	11.74	12.79

‡ Opening index 1634.8; 10 am 1633.3; 11 am 1630.2; Noon 1628.1; 1 pm 1627.7; 2 pm 1628.1; 3 pm 1626.9; 3.30 pm 1623.8; 4 pm 1623.4.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Assoc British Ports	523	+36
Barham	172	+7
Blackwood Hodge	56	+1
Boots	271	+5
Burmah Oil	347	+3
Burton	302	+4
Coats Patons	289	−4
Courtaulds	286	+4
Jones and Shipman	122	+6
Rosehaugh	545	−5
Vantona Viyella	492	−2
Wellcome	230	+12

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Wellcome	28	212	+13
Shell Transport	27	743	−14
Imperial Group	24	332	+2
Tricentrol	24	105	−3
Lloyds Bank	23	586	+23
NatWest Bank	23	816	+33
BAT Industries	22	393	+15
Glaxo	22	£10¹/₈	+0¹/₈
Courtaulds	21	282	+13
Brit. Petroleum	19	548	−12
Fisons	19	528	+21
Trusthse. Forte	19	192	+2

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$340	41	12.70	—	—	—	—	$350.70
GOLD C	$360	35	10	—	—	—	—	"
GOLD C	$370	6	4.70B	—	—	18	19.50	"
GOLD C	$380	—	—	86	10.50	—	—	"
GOLD P	$330	79	1.50	—	—	—	—	"
GOLD P	$350	—	—	77	7.70	—	—	"
GOLD P	$340	27	2.20	—	—	—	—	"
GOLD P	$360	—	—	—	—	50	23	"
		Mar.		June		Sept.		
£/FL C	Fl.370	200	4	0	7	—	—	Fl.378.94
£/FL C	Fl.375	40	1.50	4	3.70	—	—	"
£/FL C	Fl.380	30	0.60	—	—	—	—	"
£/FL C	Fl.400	—	—	—	—	15	1.80	"
$/FL C	Fl.240	—	—	—	—	34	13.80	Fl.255.70
$/FL C	Fl.255	5	1.50	63	6.20	8	8.50	"
$/FL C	Fl.265	—	—	14	6.30	66	4.50	"
$/FL C	Fl.270	7	0.10	3	2A	80	6.50	"
$/FL C	Fl.275	—	—	65	1.40	64	2.30	"
$/FL P	Fl.240	—	—	21	4	2	6.80	"
$/FL P	Fl.245	94	0.60	46	5.30	7	7	"
$/FL P	Fl.250	50	1.20	69	7.50	—	—	"
$/FL P	Fl.255	644	3.10	21	3.70	10	12B	"
$/FL P	Fl.260	555	7	—	—	—	—	"
$/FL P	Fl.270	5	18	30	12.50	—	—	"
$/FL P	Fl.280	31	27	—	—	—	—	"
$/FL P	Fl.285	150	31.50	—	—	—	—	"
$/FL P	Fl.290	50	36.50	—	—	—	—	"
$/FL P	Fl.300	336	46.50	3	46	—	—	"
		Apr.		July		Oct.		
ABN C	Fl.620	177	2.50	59	15.50	49	21.50	Fl.583
ABN P	Fl.580	60	11	2	27	—	—	"
AEGN C	Fl.100	22	2	—	—	2	13A	Fl.104.80
AEGN P	Fl.105	33	4	12	5.60	—	—	"
AH C	Fl.80	61	6.50	141	3.60	37	7.50	Fl.79
AH P	Fl.75	94	1.50	15	3.70	8	6.20	"
AKZO C	Fl.170	317	4	171	7.50A	88	12	Fl.168.20
AKZO P	Fl.160	360	1.70	305	6	—	—	"
AMEV C	Fl.80	28	2.90	11	6.30A	20	6.40	Fl.76.80
AMEV P	Fl.80	—	—	4	6.80	16	2	"
AMRO C	Fl.110	194	0.60	100	2.80A	6	6A	Fl.107.20
AMRO P	Fl.105	23	3.50	41	0	116	72	"
GIST C	Fl.270	30	11	14	13	1	22.50	Fl.273.50
GIST P	Fl.270	50	6.50	3	12	—	—	"
HEIN C	Fl.220	12	13A	105	17.50A	—	—	Fl.230.50
HEIN P	Fl.230	88	4.20B	6	8.60	75	11.50	"
HOOG C	Fl.95	179	2A	254	4.10	23	7.30	Fl.91.90
HOOG P	Fl.80	898	0.40	35	3.20	—	—	"
KLM C	Fl.55	776	1.30	676	3.80	134	5	Fl.51.30
KLM P	Fl.55	843	4.20	46	6.30	—	—	"
NEDL C	Fl.210	138	2.20	14	4.60	5	10	Fl.184.50
NEDL P	Fl.190	240	9.20	20	21A	—	—	"
NATN C	Fl.80	324	3	35	6.20A	34	7	Fl.72.80
NATN P	Fl.80	66	2.40	56	3	104	6	"
PHIL C	Fl.70	508	0.50	160	1.70	160	6.20B	Fl.62.20
PHIL P	Fl.65	10	3.30B	20	0.50	52	5.50B	"
RD C	Fl.170	338	13	1566	14.50	118	13	Fl.181.10
RD P	Fl.170	386	1	1088	0.20	329	2	"
ROBE C	Fl.90	12	1.30	15	6.80	10	4.70	Fl.90.30
UNIL C	Fl.400	348	19.50	100	32.50	16	40	Fl.413
UNIL P	Fl.400	162	6.70	13	16.50	3	20.50	"

TOTAL VOLUME IN CONTRACTS: 36,795.

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price p	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
§160	F.P.	18/4	184	160	✠BPP Hldgs. 10p	162	−2	R5.0	2.2	6.7	17.3
**	F.P.	—	136	130	Chillington Corp.	130	......	—	—	—	—
**	F.P.	—	68	65	Do. Defd.	68	......	—	—	—	—
165	F.P.	12/4	126	188	Gold Greenlees T. 5p.	188	......	R2.6	3.6	2.2	21.0
§105	F.P.	12/4	166	138	Jarvis Porter 10p	138	−2	R3.5	2.6	3.4	15.2
105	F.P.	14/3	146	112	Macro 4 3p	138	......	R1.0	6.6	1.0	21.2
§120	F.P.	24/4	140	134	✠Menvier-Swain 6p	139	+1	R2.5	3.6	2.6	15.7
§127	F.P.	7/3	140	126	✠Microsystems 10p	140	......	R1.78	4.5	1.8	17.2
§145	F.P.	4/4	177	155	PPL 10p	155	......	u2.5	6.0	2.3	10.2
‖	F.P.	—	900	800	Rodime 6p	800	......	—	—	—	7.2
§80	F.P.	4/4	94	85	✠Spice 6p	94	......	u2.2	3.3	4.5	12.5
††	F.P.	27/5	25	7	Telfos Warrants	25	......	—	—	—	—
215	F.P.	1/8	250	215	Templeton Galbraith	230	+2	Q5.37c	2.6	1.2	21.6
100	F.P.	27/3	108	95	Throgmorton USM	102	......	—	—	—	—
120	F.P.	24/6	238	156	Wellcome	230	+12	u2.08	2.8	1.6	31.0
—	F.P.	—	27	3	Westland Warrants	27	+2	—	—	—	—
140	F.P.	7/3	157	140	✠Wickes 40p	156	......	R2.0	4.7	1.8	16.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price £	+ or −
88.366	£30	25/4	55¼	30½	American Medical Intl. 8½% Uns.Ln.2011	55½	−¼
§98.287	£25	19/5	34	25⅛	Centrovincial Ests. 11⅜% 1st Mort Db.2016	34	......
**	F.P.	—	112p	110p	Chillington 9½% Cum. Red. Pref.	111p	−1
**	F.P.	—	130p	125p	Cavenish (J.A.) 4.5% Cnv Red. Pref.	130p	+5
—	F.P.	27/4	110p	106p	✠Electron-H'se 6½% Cnv. Cum Red Prf	108p	......
§99.11	F.P.	10/4	105	99¼	Hampton Tst. 11½% 1st. Mort. Deb. 2025	106	......
94.917	£30	2/6	34	19⅞	Inter-Am Dev Bk 8½% Uns Ln 2016	33½	+¼
‖	Nil	25/4	114p	107p	Lawrence (W.) 8.5% Cnv.Cum.Red Pref.	114p	+1
98.977	F.P.	10/5	106	99	Mecca Leisure 11½% Deb. 2011	106	+½
—	F.P.	—	101	100¼	Nationwide Bldg. Soc. 12⅝% 3/5/87	101	+⅛
**	F.P.	4/4	164p	140p	✠Parkfield 7% Cum. Cnv. Prf. 2005	165p	+1
‖	F.P.	15/4	106p	103p	Porter Chad. 8% Cnv.Cum.Red.Prf. '95	104p	......
§27.955	£25	26/4	35	25½	Samuel Props. 11% 1st. Mort.Deb.2016	35	+½
§99.480	£25	—	95⅛	24¼	S.E. 10⅛% Mort. Deb. 2015	36⅛	+¼
‖	F.P.	—	117	120	Westland 7½% Cnv. Cum. Prf.	115	+6

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price p	+ or −
200	Nil	—	75pm	35pm	Cullens Hldgs. 10p	75pm	......
16½	Nil	11/4	5½pm	1pm	Dares Ests. 5p	3½pm	......
530	F.P.	9/4	410	360	✠High Point Services 10p	410	......
255	Nil	60/4	46pm	66pm	KLP 5p	46pm	......
70	Nil	7/4	11pm	5pm	Kent (J.) 6p	7pm	......
220	Nil	24/4	25pm	58pm	✠ N.M.W. Computers	95pm	+10
‖	Nil	—	8½pm	6½pm	Tranwood 6p	6½pm	......
112	F.P.	26/4	146	130	Wates (City of London)	146	+5
50	F.P.	—	25	65	Westland	35	+3

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ■ Allotment price. ✠ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). †† Units comprising two ordinary, one preference and one warrant.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	27	33	52
Corpns. Dom. and Foreign Bonds	23	3	48
Industrials	390	275	832
Financial and Props.	209	54	308
Oils	29	23	70
Plantations	1	6	7
Mines	48	38	95
Others	117	20	53
Totals	844	452	1,465

TRADITIONAL OPTIONS

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21
Apr 21	May 2	July 24	Aug 4

For rate indications see end of Unit Trust Service

* "New-time" dealings may take place from 9.30 am two business days earlier.

Money was given for the call of NMC Investments, Systems Designers, Standard Chartered, T. Cowie, Aitken Hume, Newman Industries, Woolworth, Tranwood, Trusthouse Forte, Amstrad, Marley, Sheraton Securities, Sound Diffusion, Blacks Leisure, Folkes Group, Fisons, Tricentrol, Arthur Lee, Rowntree Mackintosh, Pentland, Stakis, Mnemos, Wellcome, Fleming Overseas, Atlantic Resources, Jaguar, Andre De Bretl, Campari and Charterhall. A put was taken out in Martin Ford, but no doubles were reported.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (294)

BRITISH FUNDS (1), LOANS (1), FOREIGN BONDS (1), AMERICANS (16), CANADIANS (1), BANKS (13), BREWERS (8), BUILDINGS (16), CHEMICALS (4), STORES (9), ELECTRICALS (13), ENGINEERING (23), FOODS (10), HOTELS (4), INDUSTRIALS (40), INSURANCE (6), LEISURE (1), MOTORS (2), NEWSPAPERS (3), PAPER (8), PROPERTY (15), SHOES (1), TEXTILES (1), TOBACCOS (2), TRUSTS (90), OILS (2), OVERSEAS TRADERS (2), MINES (1).

NEW LOWS (14)

TRUSTS (1) Parambe, OILS (7) Hunting Pet., INOCO, Offshore Oil, Petrogen Pet., Pict Pet., Tricentrol, Ultramar, OVERSEAS TRADERS (1) Boustead, PLANTATIONS (3) Harrisons Malay. Plants., Highlands & Lowlands, Rowe Evans, MINES (2) Afro-West Mining, Samson Exploration.

WORLD STOCK MARKETS

AUSTRIA · GERMANY · NORWAY · AUSTRALIA (continued) · JAPAN (continued)

BELGIUM/LUXEMBOURG · SPAIN · HONG KONG

DENMARK · SWEDEN · ITALY · SWITZERLAND · SINGAPORE

FRANCE · NETHERLANDS · AUSTRALIA · SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO
Prices at 2.30pm March 17

Indices

NEW YORK DOW JONES

STANDARD AND POORS

	Feb 19	Feb 12	Feb 5	Year Ago (Approx)
Ind div yield %	3.30	3.35	3.40	3.81
Ind. P/E Ratio	15.36	15.12	14.89	11.34
Long Gov Bond Yield	8.86	9.13	9.25	11.45

N.Y.S.E. ALL COMMON

March 17	March 13	March 12	March 11	1986 High	1986 Low
134.75*	134.48	134.17	133.58	134.17 (12/3/86)	94.58 (4/1/85)

RISES AND FALLS

	March 7	March 8	March 5
Issues traded	2,057	2,032	2,081
Rises	859	1,045	705
Falls	768	578	985
Unchanged	430	409	391

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
US Steel	2,549,200	23	− 7/8
IBM	2,511,200	150 1/8	− 1/4
ATT	2,160,900	23 5/8	+ 1/8
Reynold Ind	2,141,200	42 1/2	+1
Storage Tec.	2,003,300	3 7/8	−1
Bristol Myers	1,977,300	71 1/2	+2 3/4
Am Can Mgt	1,886,800	21 1/4	—
Eastman Kodak	1,806,600	58 5/8	+1 1/8
Western Air	1,680,800	11 1/4	− 1/8
Exxon	1,596,900	55	+ 5/8

TORONTO	March 17	March 13	March 12	March 11	1985/86 High	1985/86 Low
Metals & Minls	2,319.4*	2,346.1	2,364.6	2,366.40	2,385.4 (11/3/86)	1740.82 (31/10/85)
Composite	2,965.7*	2,981.7	2,993.9	2,973.50	2,993.0 (12/3/86)	2348.5 (8/1/85)
MONTREAL Portfolio	1,510.83*	1,511.88	1,528.57	1,517.86	1,528.57 (12/3/86)	1,209.49 (4/1/85)

** Saturday March 15: Japan Nikkei 14,664.47. TSE 1,166.50.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 47

NYSE COMPOSITE PRICES

Continued from Page 47

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES

AMEC	260	+ 7
ANZ	283	+ 21
Ass Brit Ports	523	+ 36
Berisford (S & W)	225	+ 24
Blanchards	130	+ 13
CRA	314	+ 14
Davies & Mets	78	+ 15
Delta Group	241	+ 10
Jamesons Chocol	135	+ 30
Jones & Ship	122	+ 9
Jourdan (T.)	192	+ 25
MIM Hldgs.	126	+ 9
Manders	225	+ 8
Pittard	94	+ 6
RMC	574	+ 8
RTZ	644	+ 14
Triplex	123	+ 18
Wellcome	230	+ 12

FALLS

Ass Newspap	288	− 7
Cambridge Elect.	303	− 12
GEC	202	− 8
Harris Queens	246	− 10
ICI	992	− 8
Ladbroke	338	− 8
Mnemes	39	− 6
Woolworth	603	− 9

Prices at 3pm, March 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from Page 46

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37¼	21⅝	NtSvI s	.82	2.2	18	292	u37½	36⅞	37⅜	+⅞
15¾	12⅝	NStand	.40	2.8	27	449	14⅝	14	14¼	−½
10⅝	6½	Navistr			7	1820	9⅛	8¾	8⅞	−⅛
6⅞	3⅝	Nav wtA				262	5¾	5⅝	5⅝	−⅛
3⅞	2	Nav wtB				50	3½	3¼	3¼	−⅛
60	45¼	Nav pfC				9	59	58¼	58¼	−¾
32½	25¾	Nav pfD				97	28¼	27⅞	27⅞	−½
13¾	10½	Narco	.64	5.3	0	96	12½	11⅞	12	−⅛
[illegible]										

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
31¾	25½	UtilIu	pf 3.97	13.		43	50	26½	26⅝	+⅛
21	15	UtilIs	pr2.20	11.		z200	20½	20½	20½	+½
32½	26½	UtilIu	pf 4	13.		6	30⅝	30½	30⅝	−⅜
19½	12⅝	UtilIu	pf 1.90	12.		4	15¾	15¾	15¾	
25⅞	17½	UnitInd	.64	2.6	10	215	25	24⅛	24¾	−⅜
46	38	UnitInn	.22	.5	23	11	44⅛	43½	43⅞	
39⅞	23¼	UJerB	s1.16	3.0	12	398	39½	38⅛	39¼	+⅛
20¼	11⅛	UtdMM				76	10	15¾	16	
39⅝	27¼	UsairG	.12	.3	8	653	35¼	34⅝	34⅞	−⅜
9¼	5	USHom				1654	8¾	8¼	8¼	−⅛
42⅞	31½	USLeas	.80	1.8	12	50	42⅛	42½	42⅝	
53	27⅜	USShoe	.92	1.8	18	x555	52	51⅝	52	+⅛
23	21⅝	USSteel	.20	5.2	14	8563	23½	22⅝	22¼	+¼
56⅞	51	USStl	pf5.59e	11.		16	52⅝	51⅞	52	
32	25½	USStl	pf2 25	8.0		196	28⅛	27½	28	+⅛
104½	101¼	USStl	pf18.75	18.		23	u180	104	104	+1⅜
1⅛	⅜	USSd	wt			822	1⅛	1	1⅛	
39⅞	28½	USTob	1.98	5.7	11	612	36½	34½	34⅝	−1
99¾	73¼	USWest6.80		6.2	10	996	u99⅞	87	97⅝	−1⅜
10⅞	6	UnStck			15	30	10⅞	10	10	−⅛
56¾	38¼	UnTech1.40		2.8	26	1218	54½	53⅞	54⅛	−⅛

Continued on Page 45

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, March 17

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

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FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Confidence undermined by Opec

WITH their confidence in the outlook for oil prices and interest rates oversbadowed by the meeting of Opec ministers, Wall Street stocks fell back sbarply yesterday, *writes Terry Byland in New York.*

Bond prices steadied from early falls on the disclosure that US factory operating rates had dipped to 60 per cent last month.

At 3pm, the Dow Jones iodustrial average was down 21.19 at 1,771.55.

Market analysts remaioed divided in their views of prospects for the financial markets. The fall in factory utilisatioo rates enhances the likelihood that the Fed will actively manage rates lower to stimulate the ecooomy. Others pointed cautiously to the attempts by the Opec meeting to stabilise world oil prices at $15–$20 a barrel.

Technology issues gave a poor lead in the stock market, as brokerage firms cootinued to take a sligbtly bearish view of sales prospects in this competitive industry.

Xerox, down $2⅝ at $68, saw minor selling pressure after Smith Barney was reported to have takeo the stock off its recommeoded list.

IBM, a soft feature for the past week, continued to give ground in hefty turnover. At $150¼, Big Blue shed $¼, after slipping to $149½ oo reports that another Wall Street house had trimmed its earnings forecast for the world leader of the computer industry.

Digital Equipmeot, oumber two to IBM in the data processing business, plunged $3⅞ to $165¼. Honeywell, $¼ off at $77, Burroughs, unchanged at $67½ and Control Data, down $⅛ at $25¼ were others to lose support.

Oils were cautious in their response to reports from the Opec meeting in Geneva. Exxon, at $54⅞, shed $⅛, Chevron lost $¾ to $37¼, while Atlantic Richfield at $52⅜ edged forward $⅜.

Motor stocks, too, remaioed nervous as Wall Street examined the latest fall in sales disclosed by Detroit. General Motors steadied $⅛ up at $80⅛ in light trading, but Ford at $72⅜, lost $⅜ as changes in the European managemeot were scrutinised.

Tobacco issues gave back much of the gaio which greeted last week's favourable legal ruling oo the privacy of corporate documeots. Philip Morris fell $2⅛ to $116⅞, but selling was ligbt. R. J. Reyoolds eased $¾ to $41¼.

A strong feature among the Dow stocks was Eastman Kodak, up $1¼ at $59⅜, with turnover of well over 1m shares lending support to rumours that the takeover arbitrage specialists are on the move.

Heavy buying of Rorer, the health care group, drove it up $1½ to $38½, raising hopes that Mr Alan Clore, the UK financier, migbt be increasing his 9.2 per ceot stake as a platform for an all-out bid.

On the American Stock Exchange, Philippines Telephone was suspended as the Filipino anti-corruption commission began an examination of the group amid claims that ex-president Marcos has a major stake.

Merck, the pharmaceutical leader, gave up $1⅝ to $160 and most other drug stocks suffered from the profit-takers.

Chemicals, too, were weak, with Du Poot providing the weak feature with a fall of $1¼ to $76⅛.

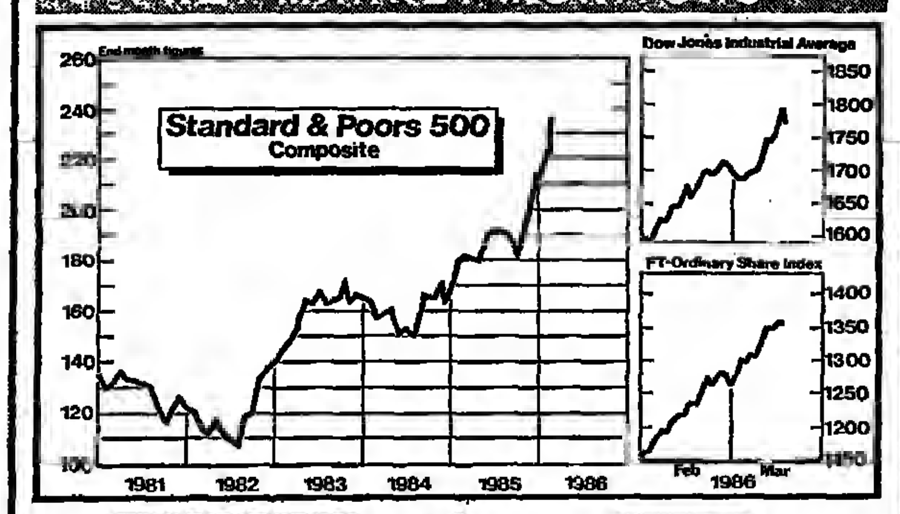
The airline sector had a calm session. TWA held unchanged at $17⅛ as the dispute with cabin staff cootinued. Delta fell $⅝ to $39⅞.

Retail stocks took a tumble, with Sears Roebuck dropping $1¼ to $46⅝ and J.C. Penney $⅞ to $65⅝. K mart, still benefiting from its profit figures, added $¼ to $42⅞.

A new bid feature was Warnaco, up $2⅝ at $37¾ in brisk trading after W Acquisition of Delaware offered $36 a share, io the face of a management buyout valued by Warnaco at $33.30 and by the buyout group at $40 for each Warnaco share.

In the credit market, sbort-term rates showed very slight gains, behind a federal funds rate at 7 7/16 per cent. The bond market, eocouraged by the downturn in factory operating rates, was also steady at *midsession.*

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	March 17	Previous	Year ago
DJ Industrials	1,771.55*	1,792.74	1,247.35
DJ Transport	803.73*	816.24	602.19
DJ Utilities	186.14*	189.47	147.00
S&P Composite	233.84*	236.55	176.53
LONDON			
FT Ord	1,357.7	1,360.7	995.4
FT-SE 100	1,622.6	1,624.4	1,309.9
FT-A All-share	791.4	791.05	625.44
FT-A 500	871.71	871.72	683.66
FT Gold mines	318.3	319.7	481.7
FT-A Long gilt	9.59	9.56	10.78
TOKYO			
Nikkei	14,655.52	14,516.77	12,468.8
Tokyo SE	1,168.91	1,156.18	997.88
AUSTRALIA			
All Ord.	1,089.5	1,089.5	794.5
Metals & Mins.	525.4	525.4	478.3
AUSTRIA			
Credit Aktien	115.73	115.33	71.54
BELGIUM			
Belgian SE	3,352.27	3,350.16	2,305.2
CANADA			
Toronto			
Metals & Minls	2,319.4*	2,346.1	2,014.0
Composite	2,955.7*	2,957.7	2,584.6
Montreal			
Portfolio	1,510.83*	1,512.14	128.89
DENMARK			
SE	238.42	238.13	176.69
FRANCE			
CAC Gen	315.9	322.4	208.1
Ind. Tendance	120.5	123.2	112.8
WEST GERMANY			
FAZ-Aktien	694.21	690.57	419.17
Commerzbank	2,091.9	2,092.4	1,214.0
HONG KONG			
Hang Seng	1,566.46	1,607.63	1,333.76
ITALY			
Banca Comm.	658.01	621.96	274.2
NETHERLANDS			
ANP-CBS Gen	260.6	260.9	207.8
ANP-CBS Ind	249.3	249.3	165.6
NORWAY			
Oslo SE	344.05	344.81	318.61
SINGAPORE			
Straits Times	570.56	576.56	841.17
SOUTH AFRICA			
JSE Golds	–	1,220.7	927.2
JSE Industrials	–	1,155.2	856.7
SPAIN			
Madrid SE	150.72	154.42	111.57
SWEDEN			
J & P	1,960.72	1,935.55	1,437.39
SWITZERLAND			
Swiss Bank Ind	583.0	579.2	430.2
WORLD	Mar 14	Prev	Year ago
MS Capital Int'l	298.0	293.3	195.9

COMMODITIES

(London)	March 17	Prev
Silver (spot fixing)	387.50p	388.80p
Copper (cash)	£1,001.00	£990.50
Coffee (Mar)	£2,427.50	£2,507.50
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	March 17	Prev
London	$352.75	$346.75
Zürich	$350.45	$348.15
Paris (fixing)	$349.19	$350.81
Luxembourg	$347.90	$348.10
New York (April)	$358.40	$348.90

CURRENCIES

	US DOLLAR		STERLING	
(London)	March 17	Previous	March 17	Previous
$	–	–	1.465	1.464
DM	2.2475	2.262	3.2925	3.3125
Yen	175.65	176.95	257.25	259.0
FFr	6.9075	6.96	10.1175	10.1875
SFr	1.884	1.902	2.76	2.785
Guilder	2.556	2.5525	3.745	3.7375
Lira	1,527.0	1,537.5	2,237.0	2,251.0
BFr	46.0	46.3	67.4	67.8
C$	1.3895	1.3885	2.0357	2.0409

INTEREST RATES

Euro-currencies (3-month offered rate)	March 17	Prev
£	11¾	11¾
SFr	11½	3⅝
DM	4 7/16	4½
FFr	11½	13½
FT London Interbank fixing (offered rate)		
3-month US$	7½	7½
6-month US$	7 7/16	7½
US Fed Funds	7 7/16*	7 15/16
US 3-month CDs	7.10*	7.18
US 3-month T-bills	6.52*	6.75

US BONDS

Treasury

		March 17*		Prev	
		Price	Yield	Price	Yield
8	1988	101 13/32	7.20	101 13/32	7.233
8⅞	1993	105 21/32	7.66	105 29/32	7.663
8⅞	1996	107 20/32	7.75	107 19/32	7.801
9¼	2018	114 15/32	7.97	113 29/32	8.017

Treasury Index

Maturity (years)	Return index (March 17*)	Day's change	Yield	Day's change
1–30	147.88	–0.09	7.68	+0.02
1–10	141.18	–0.02	7.49	+0.02
1– 3	133.05	+0.10	7.28	+0.00
3– 5	143.35	+0.03	7.57	+0.02
15–30	171.72	–0.36	8.32	+0.03

Source: Merrill Lynch

Corporate	March 17*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	101⅜	9.85	101⅜	9.85
3⅞ July 1990	89½	6.75	89½	6.75
8⅜ May 2000	97½	9.05	97½	9.05
Xerox				
10⅞ Mar 1993	108	8.21	108	8.21
Diamond Shamrock				
10⅜ May 1993	101.21	10.25	101.21	10.25
Federated Dept Stores				
10⅜ May 2013	108⅜	9.7	108⅜	9.7
Abbot Lab				
11.80 Feb 2013	114½	10.2	114½	10.2
Alcoa				
12⅞ Dec 2012	113⅜	10.53	113⅜	10.53

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	96–30	98–01	96–21	97–12
US Treasury Bills (IMM) $1m points of 100%				
June	93.80	93.86	93.79	93.80
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.87	92.90	92.87	92.86
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.50	92.54	92.51	92.56
20-year Notional Gilt £50,000 32nds of 100%				
June	119–07	119–17	118–25	119–02

* *Latest available figures*

EUROPE

Post-poll hesitation hits Paris

HESITATION HIT Paris as investors determined to wait for the political situation to clear following the narrower-than-expected conservative victory in Sunday's National Assembly elections.

The bourse dropped sharply in early trading as foreigners figured as aggressive sellers. By mid-afternoon some ground was regained and shares were pulled up from their lows of the day.

A 6.5 point fall in the CAC General index left it at 315.9.

The reaction was prompted by concern that the new governmeot will bave problems implementing policies but a worse scenario could have been a right-wing landslide win, which could have provided the Government with room to carry out radical policy changes.

Most bourse analysts forecast a lower trend after the elections. Mr Xavier Dupont, cbairman of the Stockbrokers' Association, yesterday said the bourse could fall by 10 per ceot during the next few weeks before stabilising. He was, however, optimistic about the long term, saying: "The narrowness of the majority will force the new government to contioue very tight economic policies and this will be fundamentally good for the market."

Aircraft maker Avions Dassault was one of the most attractive issues oo the day, gaining FFr 30 to FFr 1,180. Redoute, the mail order and retail group, put on FFr 7 to FFr 2,225, while toys company Majorette Jeux was FFr 19 ahead at FFr 639.

Foods group Lesieur added FFr 11 to FFr 893 while Beghin-Say, also in the foods sector, dropped FFr 6.50 to FFr 403.50.

Stockholm surged to a record, led by stronger industrials gaining on the back of the oil price collapse. The Veckans Affarer all-share index rose 7 points to 675.5, passing the previous record of 673.8 set last Monday.

Individual investors leaped on Fermenta, which resumed trading sharply down last week after a nine-day suspension. The share shrugged off its previous troubles and gained SKr 23 to SKr 180 as it topped the active list.

Milan also ended higher due to hectic institutional buying.

Both Generali and Fiat hit new peaks, the former put on L6,100 to L111,000 and the latter L385 to L10,000.

Little activity was seen in **Frankfurt** where prices edged slightly higber. The Commerzbank index declined 0.5 to 2,091.9.

Early enthusiasm, fostered by Wall Street's strong performance on Friday, dissipated as mild profit-taking set in around midday.

Chemicals and banks recorded some gains while export-oriented motor issues declioed as the lower dollar deterred both foreign and domestic buyers.

Scbering picked up DM 15 to DM 580, Hoechst was ahead DM 1.50 at DM 326 and Bayer gained DM 1.20 to DM 344.20 while higher 1985 profits boosted Bayerische Vereinsbank DM 15 to DM 575 and Bayerische Hypothekeo DM 8 to DM 617.

Boods added around 30 basis points and the Bundesbank sold DM 139.2m worth of paper after buying DM 23.3m oo Friday.

Zurich and **Brussels** continued to consolidate and shares ended mixed.

Madrid *fell victim* to a technical correction following last week's record sessions and utilities showed the sharpest losses oo the day.

Amsterdam drifted lower in the absence of overseas investors, and in the bond market prices ended unchanged.

LONDON

Pre-budget restraint takes hold

EARLY OPTIMISM, aroused by Wall Street's stunning Friday performance, faded in Londoo equity markets yesterday as pre-budget restraint was judged more fitting.

An opening gain of over 10 points in the FT Ordinary index was reversed through profit-taking and some unease over the incooclusive Opec meeting and the index finished the day 3 points lower at 1,357.7.

Gilts traders bad expected a slow session but interest flared in the new partly paid long tap stock Conversion 9 per ceot 2000 A. Foreign demand caused the authorities to activate the stock, £1bn of which was issued to the Bank of England late on Friday, at 20⅛ and 20¼ before the business was satisfied.

Chief price changes, Page 45; Details; Page 44; Share information service, Pages 42-43

AUSTRALIA

THE BIGGEST one-day gain of the year was scored in Sydney as stocks built upoo the record-breaking form displayed on Friday. The All Ordinaries index jumped 22.7 to a peak 1,112.2.

BHP lost some of its sparkle with only an 6 cent advance to A$6.42, with 700,000 shares traded. Bell Resources, BHP's releotless suitor, firmed 2 cents to A$5.16, while CSR advanced 10 cents to A$3.28. CRA moved ex-dividend and jumped 14 cents to A$6.40 on beavy volume.

Oils were firm despite the worries over Opec intentions. Santos added 10 cents to A$3.85 and Vamgas put on 15 cents to A$2.20.

In a mixed mining sector, MIM added 14 cents to A$2.60, Peko Wallsend was 6 cents higher at A$5.26 and Western Mining firmed 2 ceots to A$3.50.

SINGAPORE

FEW GAINS were managed in a sligbtly weaker Singapore that trimmed 6.00 off the Straits Times industrial index to 570.56 in thio volume. Turnover declined to 10.1m shares.

Singapore Airlines, the most active with 732,000 shares traded, lost 5 cents to S$6.20 while KL Kepong, also active, was 2 ceots cbeaper at S$1.24.

Fraser & Neave retreated aoother 10 ceots to S$5.60, Cycle & Carriage lost 7 cents to S$1.28 wbile MUI moved against the trend with a 3½ ceot advance to S$1.02.

HONG KONG

THE FALLING US dollar was cited as one cause for the pluoge in Hong Koog and the 41.14 drop in the Hang Seng index to 1,566.49 – its lowest for five months.

Among the market leaders, Cheung Koog surrendered 40 cents to HK$17.90, China Light was 50 cents weaker at HK$15.10 and Hongkong Land eased 10 cents to HK$5.60.

CANADA

HYDROCARBON-related stocks were mixed in a weaker Toronto.

Texaco Canada traded C$⅜ lower to C$25⅝, Imperial Oil Class A eased C$⅛ to C$46⅛ while Ivaco Class A picked up C$¼ to C$25.

Dome Petroleum, which lost 14 cents on Friday oo the news that it was seekiog a 14-month deferral of some interest and principal on its debt, recovered 6 cents to C$1.92.

Banks were one of the few bright spots io an easier Mootreal as industrials and utilities showed modest falls.

SOUTH AFRICA

THE PACE of trading in Johannesburg subsided ahead of the budget and most operators adopted a wait-and-see approach.

The steady bullion price failed to offer any distraction and most gold and mining stocks were little changed. Randfontein was the exceptioo, with a R2 advance to R267, while leadiog diamond group De Beers picked up 30 cents to R20.45.

TOKYO

Downturn on concern of overheating

A MILD retreat was staged in Tokyo yesterday after 12 consecutive days of increases, as investors became concerned over price levels and the yen's sharp climb against the dollar, *writes Shigeo Nishiwaki of Jiji Press.*

Prices fluctuated widely, soaring 83 points above the previous close early in the morning and plunging 116 points below under four hours later in response to the surge in the yen.

The yen rose to between Y174 and Y175 to the dollar late in the morning on the Tokyo foreign exchange market.

As the Japanese currency steadied, buying interest in stocks revived, with domestic demand-oriented stocks recouping most of their lost ground.

The Nikkei average closed 8.95 down at 14,655.52 on a volume of 674m shares, down slightly from last Friday's 958m. Losers outnumbered gainers by 499 to 384, with 89 issues unchanged.

Investors favoured domestic demand-related stocks on expectations of lower interest rates at home and abroad. Hiddeo-incentive issues and blue-chips eased on light selling, reflecting the strengthening of the yen. But investors resumed buying of domestic stocks and inceotive-based sbares.

Among domestic issues, constructions were popular oo bopes that the Government's package of economic measures to be announced next month will include higher spending oo public works. Kajima Corporatioo jumped Y660 to Y37 and Ohbayashi Y35 to Y515. Sato Kogyo also firmed Y37 to Y455 and Tekkeo Coostructioo Y39 to Y530.

Mitsubishi Estate added Y60 to Y1,560, surpassing its record of Y1,550 scored io 1978. Mitsui Real Estate Developmeot also gained Y30 to Y1,420 and Mitsubishi Warehouse and Transportatioo Y45 to Y1,030. Among railways, Keisei Electric Railway added Y20 to Y565 and Nippoo Express Y23 to Y773, both on heavy buying.

Utilities attracted investors, but price advances slowed because of fears that they have gooe too high recently. Tokyo Electric Power gained Y10 to Y3,590 and Tokyo Gas Y1 to Y396.

Among blue-chips, Hitachi eased Y10 to Y745, Sony Y80 to Y3,460 and Ricoh Y27 to Y883.

Bond trading amoog dealers gained momentum as the yen rose against the dollar. The yield oo the benchmark 6.2 per cent governmeot bond due in July 1995 fell to 4.820 per cent at ooe stage and closed at 4.840 per cent, down from last Friday's 4.910 per ceot.

Dealers and institutiooal investors were confident interest rates would cootinue falling around the world. Nonetheless, institutions, daunted by the recent steep decline in bood yields, kept a low profile.

The market's attention is focused oo the coupon rate and issue amount of the April issue of 10-year government bonds, which are due to be set late this month.